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HONG LAI HUAT GROUP LIMITED

SGX MAINBOARD (CTO.SI)

逢來發集團有限公司

ANNUAL REPORT 2023

CONTENTS

CORPORATE PROFILE

Hong Lai Huat Group Limited is a real estate and property developer with 36 years of successful track record.

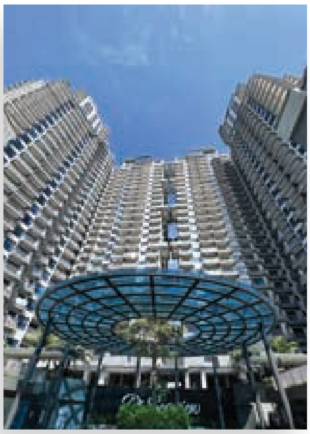
Established since 1988, the Group has completed several large scale projects across Singapore ranging from public and private residential developments, to commercial and industrial buildings. In 2008, the Group expanded its presence into the Kingdom of Cambodia and completed a large scale industrial agricultural project measuring almost 1/7 the size of Singapore.

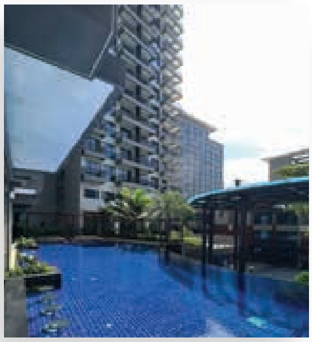
In 2015, the Group expanded its property development division in the Kingdom of Cambodia and launched its first freehold mixed-use project known as D'Seaview which is one of the first and largest mixed-use development in Sihanoukville province, the project comprises 737 residential units and 67 commercial units. The construction of the entire project is fully completed in 2020.

The Group launched its second freehold mixed-use project Royal Platinum in 2019 in the high end residential area known as Toul Kork district, Phnom Penh, the capital city of Cambodia. The project comprises around 851 residential and 50 commercial units, as at the end of 2023 all 50 commercial units have been completed whereas both residential towers will be fully completed in 2024.

The Group had also acquired its third plot of land as well in Toul Kork district, Phnom Penh and also acquired an interest in its fourth plot of land in Sihanoukville in which both land banks 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

DEAR SHAREHOLDERS,

In FY2023, the Group reported one of the heaviest losses compared to previous FY results in the recent years. The FY2023 losses are mainly attributable to the impairment losses recorded for the proposed sale of the group's entire agriculture division in the Kingdom of Cambodia. Concurrently, the sales of our residential property has been slow in view of the weakened market demand in Cambodia. Nonetheless, in this challenging year, we had remained resilient and managed to achieve a key milestone i.e. the completion of all the 50 commercial units in our second mixed use development project, the Royal Platinum in Phnom Penh. The Company has commenced the handover process of these commercial units to our buyers in FY2024.

Barring any unforeseen circumstances, we are on schedule to complete both of the residential towers with 851 residential units of the Royal Platinum in FY2024. To date, sales of these residential units remains slow but has seen improvement in FY2023 with the project approaching its full completion target.

FY2024 marks the proposed termination of the Group's venture into the agriculture sector in the Kingdom of Cambodia since FY2008 having entered into a sale agreement to sell the entire agriculture division to a local conglomerate. The Group will be able to consolidate its resources and align itself as a full suite property and real estate developer moving forward with the D'Seaview and Royal Platinum mixed use projects under its current portfolio. It also has two other land banks in Phnom Penh and Sihanoukville which are held for future project development when such opportunities arise.

In FY2024, having exited the agriculture business, we will become more focused in our remaining core business. We remain optimistic for the outlook of real estate development in the Kingdom of Cambodia.

Last but not least, I will be stepping down as the Chairman of the Board at the conclusion of the coming AGM in April 2024. It has been my great pleasure working with my fellow Directors as well as serving you over the past 16 years and I thank you for all the support extended to me during my tenure. I would like to wish all shareholders well in the new year ahead.

DR. WANG KAI YUEN
Chairman of the Board

Barring any unforeseen circumstances, we are on schedule to complete both of the residential towers with 851 residential units of the Royal Platinum in FY2024. To date, sales of these residential units remains slow but has seen improvement in FY2023 with the project approaching its full completion target.

MESSAGE TO SHAREHOLDERS
BY EXECUTIVE DEPUTY CHAIRMAN & GROUP CEO

DEAR SHAREHOLDERS,

The Group had suffered one of the heaviest losses for FY2023 compared to previous FY results in the recent years. However to note that the losses reported are mainly attributed to the impairment losses that was recorded for the proposed sale of the Group's entire agriculture division in the Kingdom of Cambodia.

One of the key milestone that we managed to obtained in FY2023 was the successful completion of all 50 commercial units in our second mixed use development project Royal Platinum in which we have started the handover process to our investors both local and internationally in 2024. Barring any unforeseen circumstances, we are on schedule to complete both of the residential towers with 851 residential units in FY2024. Sales of the project remains slow in midst of a challenging local and global economic climate although it has seen minor improvement in FY2023.

In FY2024 marks the proposed end of the Group's venture into the agriculture industry in the Kingdom of Cambodia since FY2008 having entered into sale agreement to sell the entire agriculture division to a local conglomerate. The Group will be able to position itself as a full suite property and real estate developer moving forward having the D'Seaview and Royal Platinum mixed use project under its current belt as well as two other land banks in Phnom Penh and Sihanoukville which are kept for future projects development when such chance arises.

We remain optimistic for the outlook in FY2024 for the continued sale of our property units.

DATO DR ONG BEE HUAT
Deputy Chairman and Group CEO

One of the key milestone that we managed to obtained in FY2023 was the successful completion of all 50 commercial units in our second mixed use development project Royal Platinum in which we have started the handover process to our investors both local and internationally in FY2024.

OPERATIONS REVIEW

REVIEW OF INCOME STATEMENTS

Revenue

Revenue decreased by $1.3 million from $1.6 million in FY2022 to $0.3 million in FY2023, mainly due to zero property sales in Cambodia and lower sales from agriculture division.

Gross profit

Gross profit decreased by $0.7 million from $0.7 million in FY2022 to nil in FY2023. This was mainly due to $0.1 million gross profit from agricultural division that was offsetted by $0.1 million gross loss from property division due to negative revenue relates to derecognition of revenue and corresponding cost of sale on repossession of a development property previously recognised.

Other income

Other income decreased by $1.3 million from $2.4 million in FY2022 to $1.1 million in FY2023, mainly due to lower interest income from bank deposits, rental income and reduce in forex gain.

Administrative expenses

Administrative expenses decreased by $1.6 million from $8.3 million in FY2022 to $6.7 million in FY2023, mainly due to higher depreciation and professional fees incurred in FY2022.

Impairment loss on property, plant and equipment
Impairment loss on right-of-use assets

Recognising impairment losses of $0.4 million and $13.3 million for property, plant and equipment's carrying amount and right-of-use assets' carrying amount respectively, triggered by a decrease in the fair value resulting from the proposed disposal of HLH Agriculture (Cambodia) Co Ltd.

Impairment loss on development properties

Recognising an impairment loss of $1.1 million for freehold land's carrying amount triggered by a decrease in the fair value.

Other expenses

Other expenses increased by $0.8 million from $0.6 million in FY2022 to $1.4 million in FY2023, mainly due to foreign exchange losses and property, plant and equipment written-off.

Loss for the year

The Group reported $23.8 million loss attributable to equity holders of the Company in FY2023 as compared to $12.0 million loss in FY2022.

REVIEW OF FINANCIAL POSITION

Assets

Biological assets decreased by $1.2 million from $1.5 million in FY2022 to $0.3 million in FY2023, mainly due to $1.2 million fair value loss. The harvest yield had dropped significantly from 12.73 tons/hectare in FY2022 to 7.03 tons/hectares in FY2023.

Development properties decreased by $1.8 million from $47.7 million in FY2022 to $45.9 million in FY2023, mainly due to recognising an impairment loss of $1.2 million.

Property, plant and equipment decreased by $1.4 million from $6.5 million in FY2022 to $5.1 million in FY2023, mainly due to recognising an impairment loss of $0.4 million and $0.4 million write-off.

REVIEW OF FINANCIAL POSITION

Assets

Right-of-use assets decreased by $15.7 million from $62.2 million in FY2022 to $46.5 million in FY2023, mainly due to recognising an impairment loss of $13.3 million.

Prepayments (non-current assets) decreased by $7.0 million from $7.0 million in FY2022 to nil in FY2023, mainly due to investment in associate for the Group fourth mixed-use project in Sihanoukville, Kingdom of Cambodia in FY2022. The investment process was completed in FY2023 and transferred to investment in an associated company.

Investment in a joint venture increased by $4.4 million from $17.2 million in FY2022 to $21.6 million in FY2023, mainly due to an increase in investment in the Group's Royal Platinum project in Cambodia.

Investment in an associated company increased by $7.4 million from $2.0 thousand in FY2022 to $7.4 million in FY2023, mainly due to investment in the Group's fourth mixed-use project in Sihanoukville, Kingdom of Cambodia.

As a result of the above, the Group's total assets decreased by $23.3 million from $155.8 million in FY2022 to $132.5 million in FY2023.

Liabilities

Other liabilities decreased by $2.4 million from $7.8 million in FY2022 to $5.4 million in FY2022, mainly due to payment of the balance sum payable on the Group's investment in an associate company.

Borrowing increased by $5.7 million from $4.6 million in FY2022 to $10.3 million in FY2023, mainly due to drawn down of new bank loans.

As a result of the above, the Group's total liabilities increased by $1.0 million from $21.1 million in FY2022 to $22.1 million in FY2023.

REVIEW OF CASH FLOW STATEMENT

Net cash used in operating activities was $5.6 million for FY2023 as compared to net cash surplus of $1.9 million for FY2022, mainly due to lower revenue owing to a reduction in property and agriculture sales.

Net cash used in investing activities was S$7.1 million for FY2023 as compared to $14.4 million for FY2022, mainly due to investment in a joint venture.

Net cash from financing activities was S$4.5 million for FY2023 as compared to $3.3 million used in FY2022, mainly due to drawn down of new bank loans and loan from controlling shareholder.

As a result, the balance of cash and cash equivalents at the end of FY2023 decreased by $8.5 million as compared to the end of previous year, to S$1.6 million.

BOARD OF DIRECTORS

DR. WANG KAI YUEN
Chairman and
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 ComfortDelGro Corporation Ltd, COSCO Corporation (Singapore) Ltd, Ezion Holdings Limited, Emas Offshore Limited and China Aviation Oil (Singapore) Corporation Ltd. 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 was appointed to the Board on 1st September 2020. He is responsible on the strategic direction, operation planning sales and marketing as well as business development for the Group's Agriculture Division in Cambodia. Mr. Ong also plays an important role in strengthening our market penetration and business presence in the Indo-China region and beyond.

MR. ONG JIA JING, DYLAN
Executive Director and
Group General Manager

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 MING, RYAN
Executive 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 and retail businesses. He is a director at Pacific Equity Group Pte Ltd, a private equity real estate investment firm founded in 2009. He is also the board member of Singapore Food Agency.

MR. LIEN WE KING
Independent Director

BOARD OF DIRECTORS

Dr Lee Bee Wah is appointed to the Board on 29 April 2023 as Independent Director, Chairperson of the Remuneration Committee, Member of the Audit Committee and Nominating Committee. She is also the Lead Independent Director of public listed Koh Brothers Group Limited and Independent Director of other public listed companies, the Amcorp Global Limited, Heeton Holdings Limited. Dr Lee is also a Board Member of the Building and Construction Authority, a statutory board under the Ministry of National Development and also chairs the Nanyang Technological University School of Civil & Environmental Engineering Advisory Committee and the Former Member of Parliament for the Republic of Singapore.

DR. LEE BEE WAH
Independent Director

KEY DEVELOPMENTS

PORTFOLIO OF PROJECTS IN THE KINGDOM OF CAMBODIA SO FAR

D'SEAVIEW

Our first freehold mixed-use development project located in Sihanoukville province, Kingdom of Cambodia, which comprises 737 residential units and 67 commercial units. The project construction was completed in FY2020 and as of FY2022, around 80% of the project has been sold and balance 20% are being progressively furnish and fitted out for rental or direct sale to customers depending on market demand.

ROYAL PLATINUM

Our second mixed-use development project in Kingdom of Cambodia is a high end collaboration between Hong Lai Huat Group Limited and the largest conglomerate in Cambodia Royal Group of Companies. The project comprises around 851 residential units and 50 commercial units which will be built in Toul Kork district, a well-known residential area in the capital city of Cambodia, Phnom Penh. The 50 commercial units were completed in FY2023 and the main construction progress for the two residential towers is well on schedule for completion in FY2024.

PROJECTS IN PIPELINE

The Group currently owns a third piece of land bank in Phnom Penh, the capital city of Cambodia which measures the size of approximately 11,000 sqm and it also owns a minority stake in a fourth piece of land bank in Sihanoukville province, which measures the size of approximately 150,000 sqm, both lands are currently being reserved by the Group for future developments subject to the market conditions and where the group deem its fit or feasible to do so.

KEY DEVELOPMENTS

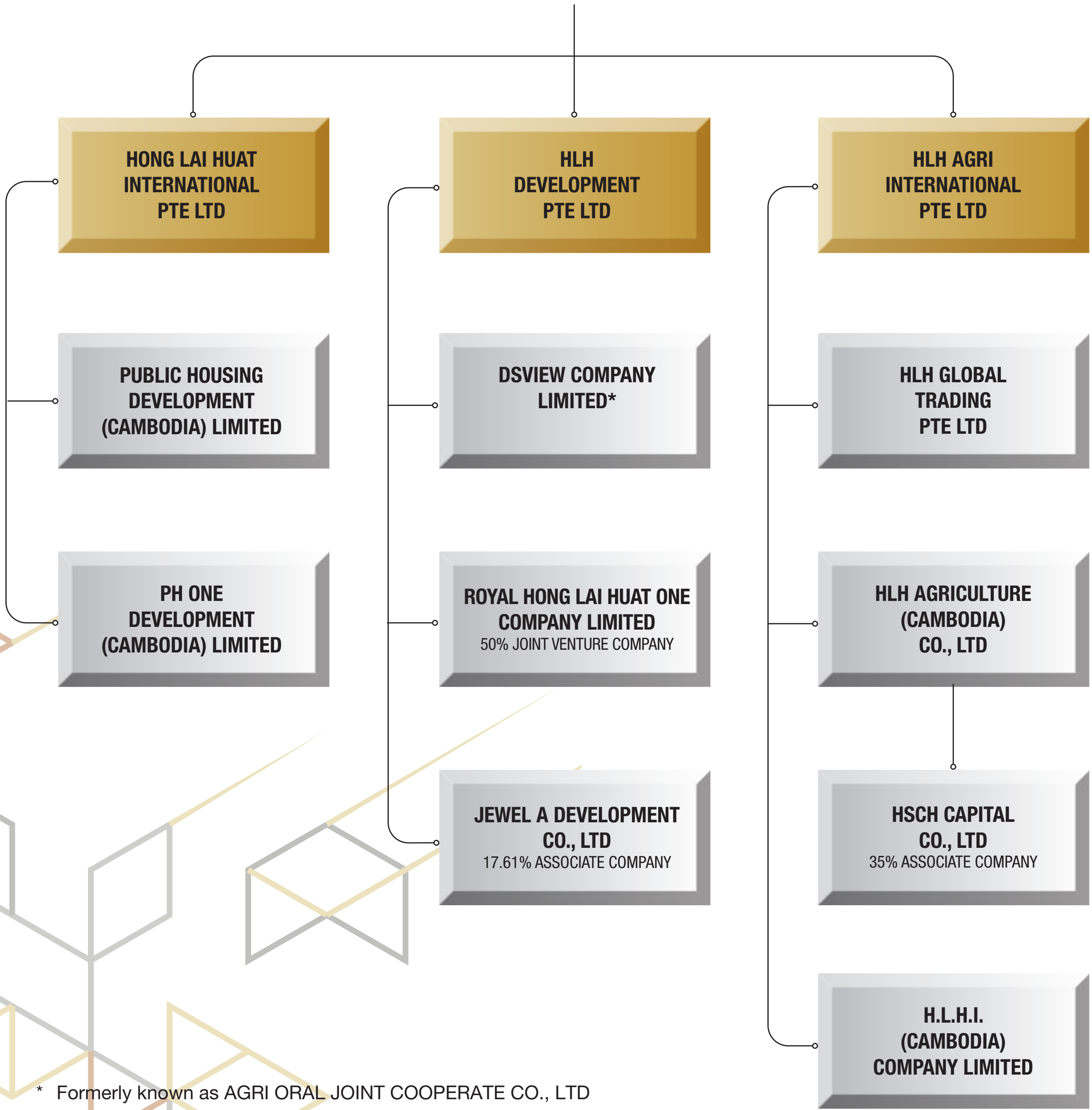
AGRICULTURE DIVISION

Located at Aoral District, Kampong Speu Province, the farmland has a total size of approximately 10,000 hectares. The Group has propose to sell the entire interest in the agriculture division and it will ceased to be a division of the Group upon the completion of the proposed sale.

Moving ahead in FY2024, the agriculture division will continue to harvest all of its cassava crop being planted in the farm and will then make the appropriate arrangements to handover the farm to the new stakeholder upon the completion of the proposed sale.

CORPORATE STRUCTURE

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



* Formerly known as AGRI ORAL JOINT COOPERATE CO., LTD

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)

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)

Dr. Lee Bee Wah
(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 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 33.

Board Matters

<u>The Board's Conduct of Affairs</u>

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

- 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 may be convened 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. When a physical meeting is not possible, timely communication with members of the Board can be achieved through electronic means. 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.

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.

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 2023 ("FY2023") are as follows:

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee	Shareholders' Meeting
Number of meetings held	2	2	1	1	1
Number of meetings attended:					
Dr. Wang Kai Yuen	2	2	1	1	1
Prof. Wong Wen-Young, Winston (or his alternate, Dr. Wong Jr. Winston)	2	2*	1*	1*	1
Dato' Dr. Ong Bee Huat, Johnny	2	2*	1	1*	1
Mr. Ong Jia Ming	2	2*	1*	1*	1
Mr. Lien We King	1	1	1	1	1
Mr. Ong Jia Jing	2	2*	1*	1*	1
Dr. Lee Bee Wah***	1	1	–	–	–
Dr. Lee Kuo Chuen David**	1	1	1	1	–

* Attended by invitation
** Dr Lee Kuo Chuen David retired on 28 April 2023
*** Dr Lee Bee Wah was appointed on 29 April 2023

Access to Information

Management recognises 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 06 to 08.

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") from time to time 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.

REPORT ON CORPORATE GOVERNANCE

Independence

The Board comprises three Independent Non-executive Directors. They are Dr. Wang Kai Yuen who is the Chairman of the Board, Dr. Lee Bee Wah 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 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.

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 has been granted approval from shareholders under the 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 for his continued appointment as Independent Director, the Board separately make their assessment on his 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.

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. Wang Kai Yuen who is due for retirement by rotation at the 2024 AGM will be stepping down as a Director.

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 and age 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 recognises 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. The Company has appointed a female director on 29 April 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%

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.

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 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 Bee Wah and Dato' Dr. Ong Bee Huat, Johnny as members.

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.

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.

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 FY2023, 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 FY2023, 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 Bee Wah as the Chairman, Dr. Wang Kai Yuen and Mr Lien We King 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.

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 FY2023. No share awards were issued under the Performance Share Plan 2017 during FY2023.

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

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.

The breakdown of the total remuneration of the directors (including the CEO) for the year ended 31 December 2023 including the breakdown in percentage of the remuneration is set out in the following table:

Name of Directors	Share-Based Remuneration	Salary	Bonus	Other Benefits	Board and Committee Fee	Total $
Dr. Wang Kai Yuen	–	–	–	–	100%	50,000
Dato' Dr. Ong Bee Huat, Johnny	–	84%	–	16%	–	749,058
Mr. Ong Jia Ming	–	96%	4%	–	–	150,828
Mr. Ong Jia Jing	–	96%	4%	–	–	150,828
Prof. Wong Wen-Young, Winston	–	–	–	–	100%	12,000
Dr. Lee Kuo Chuen David*	–	–	–	–	100%	11,660
Mr. Lien We King	–	–	–	–	100%	23,000
Dr. Lee Bee Wah**	–	–	–	–	100%	33,980

* Dr. Lee Kuo Chuen David resigned as Independent Director on 28 April 2023.

** Dr. Lee Bee Wah was appointed as Independent Director on 29 April 2023.

The Directors' fees for the financial year 2022 amounted to $121,868 were paid in the financial year 2023 after approval by the members at the AGM held on 28 April 2023.

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	90%	4%	6%	100%
Mr. Lee Kai Yip	95%	–	5%	100%
Mr. Tan San Hoe	94%	–	6%	100%
Mr. Ng Seng Hay	92%	1%	7%	100%
Mr. Ong Bee Wah	85%	5%	10%	100%

For FY2023, the aggregate total remuneration paid to the key Management personnel (who are not Directors or the CEO) amounted to $343,223.

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	96%	4%	–	100%
Mr. Ong Jia Jing Son of Dato' Dr. Ong Bee Huat, Johnny	$100,000 to $199,999	96%	4%	–	100%

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 recognises 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 review 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.

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 2023.

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 Bee Wah and Mr. Lien We King who have invaluable professional expertise and managerial experience as members. The AC has a member, Dr Wang Kai Yuen (being AC Chairman) 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 interests in the auditing firm or auditing corporation.

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.

n. In accordance with Rule 711B of the SGX-ST Listing Manual, an external consultant was appointed to conduct a review of the sustainability reporting process for identified key material topics in the FY2023 Sustainability Report. AC reviewed all significant audit findings reported, recommendations made and Management's response thereto. Internal Audit will follow up on all recommendations in a timely manner and will report the results to AC.

The AC reviewed and discussed the key audit matters ("KAMs") for FY2023 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 FY2023 Independent Auditors' Report with respect to the KAMs. The KAMs are set out on page 42 to page 43 in the FY2023 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.

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 FY2023, the external auditors' remuneration in respect of audit services provided to the Group amounted to $141,000. 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.

REPORT ON CORPORATE GOVERNANCE

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.

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 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.

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 2023 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.

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, as well as 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.

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	76	01.05.2006	30.04.2021	1) Hong Lai Huat Group Limited	1) COSCO Shipping International (Singapore) Co., Ltd. 2) A-Sonic Aerospace Limited
Dato' Dr. Ong Bee Huat, Johnny	54	25.06.2007	29.04.2022	Hong Lai Huat Group Limited	N.A.
Prof. Wong Wen- Young, Winston	72	27.02.2007	28.04.2023	Hong Lai Huat Group Limited	N.A.
Dr. Lee Bee Wah	63	29.04.2023	–	1) Hong Lai Huat Group Limited 2) Amcorp Global Limited 3) Koh Brothers Group Limited 4) Heeton Holdings Limited	N.A.
Mr Ong Jia Ming	31	25.10.2016	29.04.2022	Hong Lai Huat Group Limited	N.A.
Mr Ong Jia Jing	29	01.09.2020	28.04.2023	Hong Lai Huat Group Limited	N.A.
Mr Lien We King	49	01.03.2019	30.04.2021	Hong Lai Huat Group Limited	N.A.

SUMMARY DISCLOSURE ON THE CORPORATE GOVERNANCE REPORT FOR FY2023

Provisions	Compliance	Page Reference in Annual Report 2023	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 Page 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 2023	Remarks
Provision 4.5 The Company discloses in its annual report the listed company directorships and principal commitments1 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.	Yes	Page 23	–
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 24	–

Provisions	Compliance	Page Reference in Annual Report 2023	Remarks
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	Pages 23 to 24	–
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 25	–
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	–

SUPPLEMENTAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING

(PURSUANT TO RULE 720(6) AND APPENDIX 7.4.1 OF THE SGX-ST LISTING)

Name of Directors	Lien We King	Lee Bee Wah
Date of Appointment	1 March 2019	29 April 2023
Date of last re-election	30 April 2021	–
Age	49	63
Country of principal residence	Singapore	Singapore
The Board's comments on the Nominating Committee's ("NC's") recommendation for re-election	Having considered NC's assessment of the performance and contributions of Mr Lien We King as an Independent Non-Executive Director of the Company, the Board agreed with NC's recommendation.	Having considered NC's assessment of the performance and contributions of Dr. Lee Bee Wah as an Independent Non-Executive Director, the Board agreed with NC's recommendation.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive Director.	Non-Executive Director.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Director, Chairman of NC, AC Member and RC Member	Independent Director, Chairman of RC, AC Member and NC Member
Professional qualifications	Nil	Honorary Fellow of the Institution of Structural Engineers, United Kingdom Honorary Fellow Member of the Institution of Engineers, Singapore
Working experience and occupation(s) during the past 10 years	Managing Director of Bridgewater Holdings Private Limited Executive Director of Mothership.sg	Member of Parliament Group Director, Meinhardt Singapore
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes

Name of Directors	Lien We King	Lee Bee Wah
Other Principal Commitments including Directorships	Past (for the last 5 years) Nil Present 1) Hong Lai Huat Group Limited 2) Bridgewater Holdings Private Limited 3) Pacific Equity Group Pte. Ltd. 4) Singapore Food Agency	Past (for the last 5 years) 1) Member of Parliament 2) LBW Consultants LLP Present 1) Hong Lai Huat Group Limited 2) Amcorp Global Limited 3) Heeton Holdings Limited 4) Koh Brothers Group Limited 5) Meinhardt (Singapore) Pte Ltd 6) Mandai Park Holdings Pte. Ltd. 7) Building and Construction Authority 8) Nanyang Technological University School of Civil & Environmental Engineering Advisory Committee 9) Singapore Table Tennis Association 10) Singapore Swimming Association

The general statutory disclosures of the Directors are as follows:

Question	Lien We King	Lee Bee Wah
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No

Question	Lien We King	Lee Bee Wah
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

Question	Lien We King	Lee Bee Wah
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

Question	Lien We King	Lee Bee Wah
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

DIRECTORS' STATEMENT

The directors hereby 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 2023.

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 45 to 95 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 2023 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 Bee Wah	(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**
Company				
Dr. Wang Kai Yuen	700,000	700,000	–	–
Prof. Wong Wen-Young, Winston	13,841,850	13,841,850	–	–
Dato' Dr. Ong Bee Huat	203,802,465	208,802,465	10,410,833	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 2024 were the same as those as at 31 December 2023.

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 Bee Wah	(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	Ong Jia Ming
Director	Director

8 April 2024

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 45 to 95, which comprise the statements of financial position of the Group and the Company as at 31 December 2023, 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 material 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 2023 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 Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

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 $5,125,000 (2022: $6,536,000) and $46,502,000 (2022: $62,211,000), respectively as at 31 December 2023. These assets are primarily from the agriculture division in Cambodia, which are contributed from HLH Agriculture (Cambodia) Co., Ltd ("HLHA") and H.L.H.I. (Cambodia) Company Limited ("HLHI").

During the financial year, HLHA and HLHI incurred net losses for the financial year. In addition, the Group entered into sale and purchase agreements to dispose HLHA and HLHI for cash consideration of $49,469,000 as disclosed in Note 40 to the financial statements. The expected sale consideration from disposal of HLHA is lower than the net assets (before impairment loss) of HLHA as at 31 December 2023. Management has determined that these events are indicators that the PPE and ROU assets of HLHA and HLHI may be impaired.

The recoverable amounts of the cash-generating units (including PPE and ROU assets) of HLHA and HLHI are determined based on fair value less costs of disposal, by reference to the expected gross sales proceeds of $49,469,000 less estimated costs of disposal of $5,231,000 (Note 40). Management performed impairment review by comparing the recoverable amount of $44,238,000 to the carrying amounts of the assets and liabilities of HLHA and HLHI to be disposed of.

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

Key Audit Matter (cont'd)

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

Description of key audit matter (cont'd):

Based on the management's assessment, impairment loss on PPE of $364,000 and impairment loss on ROU assets of $13,285,000 have been recognised in the Group's profit or loss for the financial year ended 31 December 2023.

Management's assessment of the recoverable amounts for the CGUs are significant to our audit due to the magnitude of the carrying amounts of the assets being tested for impairment and related impairment loss recognised in the Group's profit or loss and the significant management's estimates applied in determination of the CGUs' recoverable amounts. Accordingly, we have identified this as a key audit matter.

The significant estimates and judgement applied in the impairment assessment of PPE and ROU assets and disclosures for key assumptions used are included in Note 3 to the financial statements.

Our procedures to address the key audit matter:

We obtained an understanding of management's impairment process. We have reviewed management's assessment for indications of impairment with respect to the Group's PPE and ROU assets. We obtained and reviewed the sale and purchase agreements for the proposed disposal of HLHA and HLHI to obtain an understanding of key terms and conditions mentioned therein. We obtained and assessed management's computations of the recoverable amounts (including estimated costs of disposal) and reviewed management's allocation of impairment loss to the underlying assets of the CGUs. We also reviewed the adequacy and appropriateness of the disclosures in respect of the impairment assessment of these PPE and ROU assets in the financial statements.

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.

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

Responsibilities of Management and Directors for the Financial Statements (cont'd)

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

- 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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HONG LAI HUAT GROUP LIMITED

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

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

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.

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

8 April 2024

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 $'000	(Restated) 2022 $'000
Revenue	4	**267**	1,641
Cost of sales		**(267)**	(964)
Gross profit		**–**	677
Other income	5	**1,110**	2,400
Distribution and selling expenses		**(49)**	(127)
Administrative expenses		**(6,747)**	(8,330)
Bad debts written off		**(124)**	–
Impairment loss on financial assets		**–**	(378)
Impairment loss on property, plant and equipment	12	**(364)**	(3,500)
Impairment loss on right-of-use assets	13	**(13,285)**	–
Impairment loss on development properties	18	**(1,097)**	–
Fair value loss on biological assets	19	**(1,175)**	(3,360)
Other expenses		**(1,396)**	(576)
Finance costs	6	**(795)**	(217)
Share of loss of an associated company		**(101)**	–
Share of loss of a joint venture	7	**(1,950)**	(952)
Loss before tax	8	**(25,973)**	(14,363)
Income tax credit	10	**2,200**	2,314
Loss for the financial year		**(23,773)**	(12,049)
Other comprehensive income/(loss):			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences arising on consolidation		**(253)**	(659)
Share of other comprehensive loss of a joint venture	7	**(348)**	(190)
Share of other comprehensive income of an associated company		**78**	–
Other comprehensive loss for the financial year, net of tax		**(523)**	(849)
Total comprehensive loss for the financial year		**(24,296)**	(12,898)
Loss attributable to equity holders of the Company		**(23,773)**	(12,049)
Total comprehensive loss attributable to equity holders of the Company		**(24,296)**	(12,898)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
Basic and diluted	11	**(4.59)**	(2.33)

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

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2023

	Note	Group			Company	
			(Restated)	(Restated)		
		2023	2022	1.1.2022	2023	2022
		$'000	$'000	$'000	$'000	$'000
ASSETS						
Non-current assets						
Property, plant and equipment	12	**5,125**	6,536	10,695	**402**	435
Right-of-use assets	13	**46,502**	62,211	64,516	**–**	–
Investment in an associated company	14	**7,395**	2	2	**–**	–
Investment in subsidiaries	15	**–**	–	–	**59,507**	93,901
Investment in a joint venture	7	**21,568**	17,173	10,713	**–**	–
Other receivables	16	**40**	6,995	40	**–**	–
Financial assets at fair value through profit or loss	17	**243**	243	243	**243**	243
Total non-current assets		**80,873**	93,160	86,209	**60,152**	94,579
Current assets						
Trade and other receivables	16	**1,309**	1,707	6,064	**79**	99
Financial assets at fair value through profit or loss	17	**40**	–	100	**–**	–
Development properties	18	**45,922**	47,711	48,212	**–**	–
Biological assets	19	**339**	1,499	5,070	**–**	–
Inventories	20	**91**	110	96	**–**	–
Amounts due from subsidiaries	21	**–**	–	–	**76,322**	67,000
Cash and cash equivalents	22	**3,935**	11,635	26,072	**253**	540
Total current assets		**51,636**	62,662	85,614	**76,654**	67,639
Total assets		**132,509**	155,822	171,823	**136,806**	162,218
EQUITY AND LIABILITIES						
LIABILITIES						
Non-current liabilities						
Lease liabilities	23	**885**	835	897	**–**	–
Deferred tax liabilities	24	**3,932**	6,413	8,803	**17**	17
Borrowings	25	**6,285**	1,702	3,163	**434**	1,702
Total non-current liabilities		**11,102**	8,950	12,863	**451**	1,719
LIABILITIES						
Current liabilities						
Amounts due to subsidiaries	21	**–**	–	–	**29,742**	20,699
Lease liabilities	23	**144**	110	135	**–**	–
Borrowings	25	**4,045**	2,897	1,846	**1,896**	1,368
Trade payables	26	**392**	707	964	**–**	–
Other payables and accruals	27	**5,351**	7,780	6,709	**315**	265
Contract liabilities	28	**346**	581	610	**–**	–
Loan from controlling shareholder	29	**558**	–	–	**400**	–
Tax payable		**125**	55	20	**59**	–
Total current liabilities		**10,961**	12,130	10,284	**32,412**	22,332
Total liabilities		**22,063**	21,080	23,147	**32,863**	24,051
EQUITY						
Share capital	30	**121,023**	121,023	121,023	**121,023**	121,023
(Accumulated losses)/ retained earnings		**(4,906)**	18,867	31,952	**(16,621)**	17,603
Capital reserve	31	**414**	414	414	**(459)**	(459)
Foreign currency translation reserve	31	**(6,085)**	(5,562)	(4,713)	**–**	–
Total equity		**110,446**	134,742	148,676	**103,943**	138,167
Total equity and liabilities		**132,509**	155,822	171,823	**136,806**	162,218

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Attributable to equity holders of the Company				
	Note	**Share capital $'000**	**Retained earnings/ (Accumulated losses) $'000**	**Capital reserve $'000**	**Foreign currency translation reserve $'000**	**Total equity $'000**
Group						
Balance at 1 January 2022 (previously reported)		121,023	33,449	414	(4,702)	150,184
Prior year adjustments (Note 41)		–	(1,497)	–	(11)	(1,508)
Balance at 1 January 2022 (restated)		121,023	31,952	414	(4,713)	148,676
Loss for the financial year		–	(12,049)	–	–	(12,049)
Other comprehensive loss						
Currency translation differences arising on consolidation		–	–	–	(659)	(659)
Share of other comprehensive loss of a joint venture		–	–	–	(190)	(190)
Total comprehensive loss for the financial year		–	(12,049)	–	(849)	(12,898)
Dividend paid	32	–	(1,036)	–	–	(1,036)
Balance at 31 December 2022 (restated)		121,023	18,867	414	(5,562)	134,742
Loss for the financial year		–	(23,773)	–	–	(23,773)
Other comprehensive loss						
Currency translation differences arising on consolidation		–	–	–	(253)	(253)
Share of other comprehensive loss of a joint venture		–	–	–	(348)	(348)
Share of other comprehensive income of an associated company		–	–	–	78	78
Total comprehensive loss for the financial year		–	(23,773)	–	(523)	(24,296)
Balance at 31 December 2023		**121,023**	**(4,906)**	**414**	**(6,085)**	**110,446**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Share capital $'000	Retained earnings/ (Accumulated losses) $'000	Capital reserve $'000	Total equity $'000
Company					
Balance at 1 January 2022		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	32	–	(1,036)	–	(1,036)
Balance at 31 December 2022		121,023	17,603	(459)	138,167
Loss for the financial year, representing total comprehensive loss for the financial year		–	(34,224)	–	(34,224)
Balance at 31 December 2023		**121,023**	**(16,621)**	**(459)**	**103,943**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group 2023 $'000	(Restated) 2022 $'000
Cash flows from operating activities		
Loss before tax	**(25,973)**	(14,363)
Adjustments for:		
Depreciation of property, plant and equipment	**636**	1,285
Depreciation of right-of-use assets	**1,923**	1,930
Fair value loss on biological assets	**1,175**	3,360
Impairment loss on development properties	**1,097**	–
Impairment loss on financial assets	**–**	378
Impairment loss on property, plant and equipment	**364**	3,500
Impairment loss on right-of-use assets	**13,285**	–
Gain on disposal of property, plant and equipment	**(4)**	(37)
Gain on disposal of right-of-use assets	**–**	(92)
(Gain)/loss on change in fair value of financial assets at fair value through profit or loss	**(40)**	100
Bad debts written off	**124**	–
Foreign exchange adjustments	**137**	233
Interest income	**(104)**	(551)
Interest expense	**795**	217
Net loss/(gain) on repossession of development properties	**48**	(56)
Property, plant and equipment written off	**352**	–
Share of loss of an associated company	**101**	–
Share of loss of a joint venture	**1,950**	952
Operating cash flows before movement in working capital	**(4,134)**	(3,144)
Trade receivables and contract assets	**97**	3,954
Other receivables and deposits	**11**	93
Prepayments	**102**	290
Inventories	**17**	(15)
Biological assets	**(19)**	272
Development properties	**–**	5
Trade payables and contract liabilities	**(303)**	(258)
Other payables and accruals	**(2,603)**	1,101
Currency translation adjustments	**1,190**	(393)
Cash (used in)/generated from operations	**(5,642)**	1,905
Income tax paid	**(1)**	(45)
Net cash (used in)/generated from operating activities	**(5,643)**	1,860
Cash flows from investing activities		
Investment in an associated company	**(460)**	–
Investment in a joint venture	**(6,693)**	(7,602)
Prepayments for investment in an associated company	**–**	(6,955)
Interest received	**104**	551
Purchase of property, plant and equipment	**(383)**	(580)
Proceeds from disposal of property, plant and equipment	**379**	62
Proceeds from disposal of right-of-use assets	**–**	140
Net cash used in investing activities	**(7,053)**	(14,384)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group	
		(Restated)
	2023	2022
	$'000	$'000
Cash flows from financing activities		
Dividend paid	**–**	(1,036)
Interest paid	**(795)**	(217)
Purchase of right-of-use assets (Note A)	**(105)**	–
Proceeds from loan from controlling shareholder and payment on behalf	**558**	–
Proceeds from bank loans	**6,596**	–
Repayment of bank loans	**(1,613)**	(1,935)
Repayment of lease liabilities	**(127)**	(118)
Net cash generated from/(used in) financing activities	**4,514**	(3,306)
Net decrease in cash and cash equivalents	**(8,182)**	(15,830)
Cash and cash equivalents at beginning of financial year	**10,106**	26,072
Effects of exchange rate changes on cash and cash equivalents	**(307)**	(136)
Cash and cash equivalents at end of financial year	**1,617**	10,106

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)	**3,935**	11,635
Less: Bank overdrafts (Note 25)	**(2,318)**	(1,529)
Cash and cash equivalents per consolidated statement of cash flows	**1,617**	10,106
Note A: Purchase of right-of-use assets		
Aggregate cost of right-of-use assets acquired (Note 13)	**262**	–
Less: New lease liabilities (Note 23)	**(157)**	–
Net cash outflow for purchase of right-of-use assets	**105**	–

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

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. MATERIAL 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 payables, other payables and accruals, amounts due from/to subsidiaries, loan from controlling shareholder, and current borrowings approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

a) Basis of preparation (cont'd)

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 except as disclosed below:

Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies

The amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 *Making Materiality Judgements* provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments require entities to disclose their material accounting policies rather than their significant accounting policies, and provide guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The Group has adopted the amendments to SFRS(I) 1-1 on disclosures of accounting policies. The amendments have no impact on the measurement, recognition and presentation of any items in the Group's and the Company's financial statements.

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 2023 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 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.

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.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

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. 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.

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.

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.

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.

Depreciation

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

2. **MATERIAL ACCOUNTING POLICIES (cont'd)**

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

Depreciation (cont'd)

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

g) **Leases**

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 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.

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.

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.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

g) Leases (cont'd)

Right-of-use assets (cont'd)

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
Motor vehicles	Over the lease period of 3 to 5 years

h) 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

<u>Debt instruments</u>

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.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

h) Financial assets (cont'd)

Subsequent measurement (cont'd)

Debt instruments (cont'd)

Amortised cost (cont'd)

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.

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.

2. MATERIAL ACCOUNTING POLICIES (cont'd)

i) Financial liabilities

Financial liabilities include trade payables, other payables and accruals, amounts due to subsidiaries, loan from controlling shareholder, 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. A financial liability is derecognised when the obligation under the liability is extinguished.

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. 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):

Going concern assumption

The Group recognised a net loss of $23,773,000 (2022: $12,049,000) and reported net operating cash outflows of $5,643,000 (2022: net operating cash inflows of $1,860,000) for the financial year ended 31 December 2023. Management continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months from the date of authorisation of these financial statements and that the going concern basis of preparation of these financial statements remains appropriate based on the following considerations:

(i) The Group will progressively receive the net estimated sale proceeds of approximately $44,238,000 from the proposed disposal of HLH Agriculture (Cambodia) Co., Ltd. ("HLHA") and H.L.H.I. (Cambodia) Company Limited ("HLHI") as disclosed in Note 40. The Group has received first tranche payments of US$550,000 (approximately $726,000) in February 2024 and expect to receive the remaining consideration of US$36,950,000 progressively by February 2025.

(ii) The Group's net loss for the financial year ended 31 December 2023 mainly from the agriculture division. The agriculture division incurred a segment loss of $16,593,000 for the financial year ended 31 December 2023 as disclosed in Note 39. Management expects the Group's financial performance will be improved significantly with the proposed disposal of HLHA and HLHI as disclosed in Note 40.

(iii) The Group will continue to market the unsold development properties to the potential buyers.

(iv) The availability of credit facilities from the Group's lenders and the Company's controlling shareholders.

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

Critical judgements in applying the Group's accounting policies (cont'd)

Investment in an associated company

Management has considered the Group's representation in the board of directors of Jewel A Development Company Limited and contractual terms in the shareholders' agreement, and has determined that the Group has significant influence on Jewel A Development Company Limited even though the Group's shareholding is 17.61%. Consequently, this investment has been classified as investment in an associated company.

The carrying amount of the Group's investment in an associated company as at 31 December 2023 is disclosed in Note 14.

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:

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

PPE and ROU assets are measured at cost less any accumulated depreciation and impairment losses. The carrying amounts of the Group's PPE and ROU assets were $5,125,000 (2022: $6,536,000) and $46,502,000 (2022: $62,211,000) respectively, which represents 39% (2022: 44%) of the Group's total assets as at 31 December 2023.

The Group's PPE and ROU assets are mainly attributable to agriculture division in Cambodia, which are contributed from HLH Agriculture (Cambodia) Co., Ltd ("HLHA") and H.L.H.I. (Cambodia) Company Limited ("HLHI"). The net carrying values of the agriculture division's PPE and ROU assets as at 31 December 2023 amounted to $3,430,000 (2022: $4,919,000) and $46,183,000 (2022: $61,941,000) respectively.

During the financial year, HLHA and HLHI incurred net losses for the financial year. In addition, the Group entered into sale and purchase agreements to dispose HLHA and HLHI for cash consideration of $49,469,000 as disclosed in Note 40. The expected sale consideration from disposal of HLHA is lower than the net assets (before impairment loss) of HLHA as at 31 December 2023. Management has determined that these events are indicators that the PPE and ROU assets of HLHA and HLHI may be impaired. When there are indicators of impairment noted in a business segment or cash generating units ("CGUs"), the Group will perform an impairment assessment by estimating the recoverable amount of the PPE and ROU assets based on the basis of fair value less costs of disposal.

The recoverable amounts of the cash-generating units (including PPE and ROU assets) of HLHA and HLHI are determined based on fair value less costs of disposal, by reference to the expected gross sales proceeds of $49,469,000 less estimated costs of disposal of $5,231,000 (Note 40). Management performed impairment review by comparing the recoverable amount of $44,238,000 to the carrying amounts of the assets and liabilities of HLHA and HLHI being disposed of.

Based on the management's assessment, impairment loss on PPE of $364,000 and impairment loss on ROU assets of $13,285,000 have been recognised in the Group's profit or loss for the financial year ended 31 December 2023. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

During the previous financial year ended 31 December 2022, the recoverable amounts of the leasehold improvements, building and structure, major machineries and equipment, leasehold land and freehold land are determined based on their fair values less costs of disposal. Management has engaged independent professional valuers to determine the fair values of these assets.

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 (cont'd)

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. 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 2023 and 31 December 2022 are disclosed in Notes 12 and 13 respectively.

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 2023 is disclosed in Note 19.

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 useful lives of PPE of the Group's PPE as at 31 December 2023 is disclosed in Note 2(f). The net carrying value of the Group's PPE as at 31 December 2023 is disclosed in Note 12.

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

Key sources of estimation uncertainty (cont'd)

Impairment of investments in subsidiaries, associated company and joint venture

The Company and the Group assess whether there are any indicators of impairment in investments in subsidiaries, associated company 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 of disposal 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 review for investments in subsidiaries and an impairment loss of $34,394,000 (2022: $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 $36,525,000 which 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 costs of disposal. This fair value measurement is categorised in the Level 3 of the fair value hierarchy.

The carrying amounts of the Company's investments in subsidiaries and the Group's investments in associated company and joint venture are disclosed in Notes 15, 14 and 7 respectively.

Impairment of development properties

Development properties are measured at the lower of cost and net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. In estimating the future selling prices of unsold development properties, the Group has taken into account real estate price trend information, local market conditions, its development plans and sale strategies for the properties and valuation from independent external professional valuers when necessary.

Management has engaged independent external professional valuers to determine the fair values of the development properties. The valuers 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 the freehold land and completed development properties is average selling price per square meter ("sqm") which estimated to be $2,427/sqm (2022: $2,655/sqm) for the freehold land and $2,784/sqm (2022: $3,012/sqm) for the completed development properties.

Based on the management's assessment, an impairment loss of $1,097,000 was recognised in the Group's profit or loss for the financial year ended 31 December 2023 (2022: Nil). The fair value measurement is categorised in the Level 3 of the fair value hierarchy.

The carrying amount of the Group's development properties as at 31 December 2023 is disclosed in Note 18.

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.

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

Key sources of estimation uncertainty (cont'd)

Income taxes (cont'd)

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 2023 are $125,000 (2022: $55,000) and $3,932,000 (2022: $6,413,000) respectively. The carrying amounts of the Company's income tax payables and deferred tax liabilities as at 31 December 2023 are $59,000 (2022: Nil) and $17,000 (2022: $17,000) respectively.

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 2023 $'000	Group 2022 $'000
Timing of revenue recognition			
Recognised at a point in time			
Sale of crops	Cambodia	**451**	973
Sale of completed development properties	Cambodia	**(184)**	668
		267	1,641

5. OTHER INCOME

	Group 2023 $'000	Group 2022 $'000
Interest income – bank deposits	**104**	551
Foreign exchange gain	**–**	585
Forfeiture of deposits from property sales[(a)]	**–**	91
Rental income	**780**	930
Gain on disposal of property, plant and equipment	**4**	37
Gain on disposal of right-of-use assets	**–**	92
Gain on change in fair value of financial assets at fair value through profit or loss	**40**	–
Government grants	**6**	35
Other sundry income	**176**	79
	1,110	2,400

(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. The amount was recorded as other income in the financial year ended 31 December 2022.

6. FINANCE COSTS

	Group 2023 $'000	Group 2022 $'000
Interest expense – lease liabilities	**79**	87
Interest expense – bank loans	**716**	130
	795	217

7. INVESTMENT IN A JOINT VENTURE

	Group 2023 $'000	Group (Restated) 2022 $'000
Unquoted equity shares at cost		
At 1 January	**17,173**	10,713
Additional investment	**6,693**	7,602
Share of post-acquisition loss	**(1,950)**	(952)
Share of other comprehensive loss	**(348)**	(190)
At 31 December	**21,568**	17,173

Name of joint venture	Country of incorporation	Principal activities	Proportion of ownership interest 2023 %	Proportion of ownership interest 2022 %
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	
		(Restated)
	2023	2022
	$'000	$'000
Revenue	**–**	–
Loss before tax	**(3,900)**	(1,902)
Loss for the financial year	**(3,900)**	(1,902)
Total comprehensive loss for the financial year	**(4,596)**	(2,282)

The above loss for the year includes the following:

Depreciation and amortisation	**71**	602
Finance costs	**4**	11

Non-current assets	**621**	706
Current assets	**90,733**	59,759
Non-current liabilities	**(1,753)**	(409)
Current liabilities	**(46,464)**	(19,002)
Net assets	**43,137**	41,054

The above amounts of assets and liabilities include the following:

	Royal	
		(Restated)
	2023	2022
	$'000	$'000
Cash and cash equivalents	**5,766**	3,180
Borrowings	**(19,788)**	–

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	
		(Restated)
	2023	2022
	$'000	$'000
Net assets of the joint venture	**43,137**	41,054
Less: advance capital injection by joint venture partner	**–**	(6,707)
	43,137	34,347
Proportion of the Group's ownership interest in the joint venture	**21,568**	17,173
Carrying amount of the Group's interest in the joint venture	**21,568**	17,173

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. As at 31 December 2023, the Group has contributed US$20,553,000 (equivalent to $27,113,000) (2022: US$15,553,000 (equivalent to $20,863,000)) for the construction costs and expenses of the joint venture and there is no remaining amount of commitment as the amount is fully contributed during the financial year (2022: remaining amount of commitment is US$5,000,000 (equivalent to $6,707,000)) (Note 34).

8. LOSS BEFORE TAX

	Group	
	2023	**2022**
	$'000	**$'000**
Loss before tax is arrived at after charging/(crediting):		
Audit fees paid/payable to:		
– Auditors of the Company	**87**	85
– Baker Tilly International network firms	**54**	59
– Other auditors – non network firms	**–**	–
Fees for non-audit services paid/payable to:		
– Auditors of the Company	**–**	–
– Baker Tilly International network firms	**–**	–
– Other auditors – non network firms	**–**	–
Bad debts written off	**124**	–
Depreciation of property, plant and equipment	**636**	1,285
Depreciation of right-of-use assets	**1,923**	1,930
Fair value loss on biological assets	**1,175**	3,360
Gain on disposal of property, plant and equipment	**(4)**	(37)
Gain on disposal of right-of-use assets	**–**	(92)
Impairment loss on financial assets	**–**	378
Impairment loss on property, plant and equipment	**364**	3,500
Impairment loss on right-of-use assets	**13,285**	–
Impairment loss on development properties	**1,097**	–
Legal and professional fees	**356**	430
(Gain)/loss on change in fair value of financial assets at fair value through profit or loss	**(40)**	100
Property, plant and equipment written off	**352**	–
Rental of premises and office facilities (Note 23)	**10**	9
Staff costs, including directors' remuneration (Note 9)	**2,185**	2,603

9. STAFF COSTS

	Group	
	2023	**2022**
	$'000	**$'000**
Staff costs:		
– Salaries and bonuses	**939**	1,326
– Central Provident Fund contributions	**59**	71
– Other short-term benefits	**10**	17
	1,008	1,414
Directors of the Company:		
– Short-term employee benefits	**1,008**	1,030
– Central Provident Fund contributions	**43**	37
– Fees	**126**	122
	1,177	1,189
	2,185	2,603

10. INCOME TAX CREDIT

	Group 2023 $'000	Group 2022 $'000
Current income tax	**74**	64
Deferred tax	**(2,333)**	(2,404)
	(2,259)	(2,340)
Under provision in respect of prior years:		
Current income tax	**59**	26
Taxation recognised in profit or loss	**(2,200)**	(2,314)

The income tax credit on the results of the financial year differs from the amount of income tax determined by applying the applicable income tax rates in respective jurisdictions due to the following factors:

	Group 2023 $'000	Group (Restated) 2022 $'000
Loss before tax	**(25,973)**	(14,363)
Share of results of a joint venture and an associated company	**2,051**	952
Loss before tax excluded share of results of a joint venture and an associated company	**(23,922)**	(13,411)
Tax at domestic tax rate applicable to loss in the countries where the Group operates	**(4,743)**	(2,685)
Singapore statutory stepped income exemption	**(7)**	(9)
Income not subject to tax	**(79)**	(188)
Expenses not deductible for tax purposes	**1,204**	893
Utilisation of previously unrecognised tax losses	**(32)**	–
Expiry of unutilised tax losses	**389**	301
Under provision of current income tax in prior years	**59**	26
Others	**1,009**	(652)
	(2,200)	(2,314)

The income tax rate applicable to the Company and its subsidiaries in Singapore is 17% (2022: 17%). The Cambodia companies within the Group are subject to tax on profit at the rate of 20% (2022: 20%) of taxable income or minimum tax based on 1% of turnover, whichever is higher.

11. LOSS PER SHARE

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

	Group 2023	Group (Restated) 2022
Loss attributable to equity holders of the Company ($'000)	**(23,773)**	(12,049)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	**517,844**	517,844
Basic and diluted loss per share (cents per share)	**(4.59)**	(2.33)

12. 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											
2023											
Cost											
At 1 January 2023	2,192	2,824	850	156	99	15,925	1,502	132	197	1,621	25,498
Additions	34	–	–	9	214	–	110	7	9	–	383
Disposals	–	–	–	–	–	(3,650)	–	–	–	–	(3,650)
Written off	(352)	–	–	–	–	–	–	–	–	–	(352)
Currency translation differences	(30)	(47)	–	(2)	–	(264)	(15)	(1)	–	(27)	(386)
At 31 December 2023	**1,844**	**2,777**	**850**	**163**	**313**	**12,011**	**1,597**	**138**	**206**	**1,594**	**21,493**
Accumulated depreciation and impairment losses											
At 1 January 2023	1,556	1,295	36	123	50	14,892	756	92	162	–	18,962
Depreciation charge	22	179	24	11	9	141	219	11	20	–	636
Impairment losses	66	298	–	–	–	–	–	–	–	–	364
Disposals	–	–	–	–	–	(3,275)	–	–	–	–	(3,275)
Currency translation differences	(27)	(31)	–	(1)	–	(249)	(11)	–	–	–	(319)
At 31 December 2023	**1,617**	**1,741**	**60**	**133**	**59**	**11,509**	**964**	**103**	**182**	**–**	**16,368**
Representing											
Accumulated depreciation	802	1,335	60	133	59	11,509	964	103	182	–	15,147
Accumulated impairment losses	815	406	–	–	–	–	–	–	–	–	1,221
	1,617	**1,741**	**60**	**133**	**59**	**11,509**	**964**	**103**	**182**	**–**	**16,368**
Net carrying value											
31 December 2023	**227**	**1,036**	**790**	**30**	**254**	**502**	**633**	**35**	**24**	**1,594**	**5,125**

12. 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											
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

Office premises with net carrying value of $790,000 (2022: Nil) has been pledged to bank to secure the bank borrowings (Note 25).

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

	Computers $'000	Furniture and fittings $'000	Motor vehicles $'000	Office equipment $'000	Renovation $'000	Total $'000
Company						
2023						
Cost						
At 1 January 2023	90	48	501	38	127	804
Additions	9	–	110	–	–	119
At 31 December 2023	**99**	**48**	**611**	**38**	**127**	**923**
Accumulated depreciation						
At 1 January 2023	75	18	117	32	127	369
Depreciation charge	6	4	140	2	–	152
At 31 December 2023	**81**	**22**	**257**	**34**	**127**	**521**
Net carrying value						
At 31 December 2023	**18**	**26**	**354**	**4**	**–**	**402**
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

13. 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 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.

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

The Group as a lessee (cont'd)

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

	Leasehold land and improvements $'000	Motor vehicles $'000	Total $'000
Group			
2023			
Cost			
At 1 January 2023	71,766	486	72,252
Additions	–	262	262
Currency translation differences	(1,191)	–	(1,191)
At 31 December 2023	**70,575**	**748**	**71,323**
Accumulated depreciation			
At 1 January 2023	9,825	216	10,041
Depreciation charge	1,711	212	1,923
Impairment losses	13,285	–	13,285
Currency translation differences	(428)	–	(428)
At 31 December 2023	**24,393**	**428**	**24,821**
Net carrying value			
At 31 December 2023	**46,182**	**320**	**46,502**
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

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

The Group as a lessee (cont'd)

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

	Motor vehicles $'000
Company	
Cost	
At 1 January 2022	222
Disposal	(222)
At 31 December 2022, 1 January 2023 and 31 December 2023	–
Accumulated depreciation	
At 1 January 2022	163
Depreciation charge	11
Disposal	(174)
At 31 December 2022, 1 January 2023 and 31 December 2023	–
Net carrying value	
At 31 December 2022, 1 January 2023 and 31 December 2023	–

14. INVESTMENT IN AN ASSOCIATED COMPANY

	Group	
	2023 $'000	**2022 $'000**
Unquoted equity shares		
Carrying amount:		
Jewel A Development Company Limited*	**7,395**	2

The following information relates to associated company of the Group:

Associated company held by HLH Development Pte. Ltd.

Name of associated company	Principal activities	Place of incorporation and business	Proportion of ownership interest 2023 %	2022 %
Jewel A Development Company Limited*	Property development and real estate	Cambodia	**17.61**	17.61

* Audited by independent overseas member firms of Baker Tilly International.

The activity of the associated company is strategic to the Group as the associated company provide the Group with access to expertise in property development and real estate services.

14. INVESTMENT IN AN ASSOCIATED COMPANY (cont'd)

Summarised financial information of Jewel A Development Company Limited ("Jewel A") 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:

	Jewel A	
	2023	**2022**
	$'000	**$'000**
Revenue	**–**	–
Loss before tax	**(567)**	–
Loss for the financial year	**(567)**	–
Total comprehensive loss for the financial year	**(124)**	–
The above loss for the year includes the following:		
Depreciation and amortisation	**16**	–
Non-current assets	**55**	–
Current assets	**41,924**	10
Current liabilities	**(1)**	–
Net assets	**41,978**	10

The above amounts of assets and liabilities include the following:

	Jewel A	
	2023	**2022**
	$'000	**$'000**
Cash and cash equivalents	**1,810**	10

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

	Group	
	2023	**2022**
	$'000	**$'000**
Net assets of the associated company	**41,978**	10
Proportion of the Group's ownership interest in the associated company	**7,395**	2
Carrying amount of the Group's interest in the associated company	**7,395**	2

15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023	**2022**
	$'000	**$'000**
Unquoted equity shares		
Gross investment	**100,129**	100,129
Impairment loss	**(40,622)**	(6,228)
Net carrying amount	**59,507**	93,901
Movements in impairment loss are as follows:		
Balance at beginning of financial year	**6,228**	–
Allowance made	**34,394**	6,228
Balance at end of financial year	**40,622**	6,228

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 2023	2022
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 2023 are as follows:

Name of subsidiary	Country of incorporation	Principal activities	Proportion of ownership interest 2023 %	2022 %
Subsidiaries held by the Company				
HLH Agri International Pte. Ltd.*	Singapore	Investment holding	**100**	100
HLH Development Pte. Ltd.*	Singapore	Investment holding	**100**	100
Hong Lai Huat International Pte. Ltd.*	Singapore	Investment holding	**100**	100
Subsidiaries held by HLH Agri International Pte. Ltd.				
HLH Global Trading Pte. Ltd.*	Singapore	Dormant	**100**	100
H.L.H.I. (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.				
DSView Company Limited (Formerly know as 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.

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023	**2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Other receivables				
Non-refundable deposits	**40**	40	**–**	–
Prepayments[(a)]	**–**	6,955	**–**	–
	40	6,995	**–**	–
Current				
Trade receivables				
Trade receivables from:				
– sale of development properties	**160**	432	**–**	–
– others	**–**	6	**–**	–
	160	438	**–**	–
Other receivables				
Other receivables and deposits	**969**	1,180	**4**	3
Less: allowance for impairment loss	**(378)**	(378)	**–**	–
Amount due from associated company[(b)]	**198**	–	**–**	–
	789	802	**4**	3
Prepayments				
Prepayments[(a)]	**360**	467	**75**	96
	1,309	1,707	**79**	99

(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; and

(3) The Group will pay US$5 million to Shareholder A.

During the previous financial year ended 31 December 2022, 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.

During the financial year ended 31 December 2023, the title deed of the land has been transferred from Shareholder A to the associated company, hence the amount is reversed from prepayments and recorded under investment in associated company.

(b) Amount due from associated company is non-trade in nature, interest-free and repayable on demand.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'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]	**40**	–	**–**	–

(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.

(b) *Quoted equity instruments*

Investments in quoted equity securities offers the Group the opportunity for return through dividend income and fair value gains. 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 gain of $40,000 (2022: loss of $100,000) have been included in profit or loss for the financial year as part of "other income" (2022: "other expenses").

18. DEVELOPMENT PROPERTIES

	Group	
	2023 $'000	2022 $'000
Development properties under construction		
– Freehold land	**29,638**	30,118
– Development costs	**142**	144
	29,780	30,262
Less: Impairment loss on development properties	**(1,097)**	–
	28,683	30,262
Completed development properties held for sale	**17,239**	17,449
	45,922	47,711

18. DEVELOPMENT PROPERTIES (cont'd)

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, Cambodia	100% (2022: 100%)	11,817	11,817	NA (2022: NA)
D'Seaview, a mixed-use development property in Preah Sihanouk Province, Cambodia	100% (2022: 100%)	9,818	92,566	100% (2022: 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.

The freehold land of the development properties under construction with carrying value of $28,683,000 (2022: Nil) and the completed development properties with carrying value of $17,239,000 (2022: $17,449,000) have been pledged to bank to secure bank borrowings (Note 25).

19. BIOLOGICAL ASSETS

	Group	
	2023 $'000	2022 $'000
At 1 January	**1,499**	5,070
Additions to cassava	**199**	338
Loss on fair value of biological assets	**(1,175)**	(3,360)
Decrease due to harvest	**(180)**	(610)
Currency translation differences	**(4)**	61
At 31 December	**339**	1,499

Valuation of biological assets

The fair values of the Group's biological assets at 31 December 2023 and 31 December 2022 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.

Fair value as at 31 December 2023	Valuation techniques	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
$339,000 (2022: $1,499,000)	Income approach	Selling prices less harvesting costs: $65 (2022: $88) Harvest yield: 7.03 tons/hectare (2022: 12.73 tons/hectare) Planted area: 2,102 hectares (2022: 2,534 hectares) Contributory asset charges: $588,188 (2022: $1,059,000) Discount rate: 16.79% (2022: 16.35%)	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	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Raw materials	**4**	12	**–**	–
Consumables	**75**	69	**–**	–
Machineries and spare parts	**12**	12	**–**	–
Finished goods	**–**	17	**–**	–
	91	110	**–**	–

In 2023, raw materials, consumables, machineries and spare parts and changes in finished goods included as cost of sales amounted to $342,000 (2022: $433,000).

21. AMOUNTS DUE FROM/TO SUBSIDIARIES

	Company	
	2023 $'000	2022 $'000
Due from (non-trade)	**76,322**	67,000
Due to (non-trade)	**29,742**	20,699

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

22. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Cash at banks and on hand	**1,647**	4,897	**253**	540
Short-term fixed deposits with financial institutions	**2,288**	6,738	**–**	–
Cash and cash equivalents	**3,935**	11,635	**253**	540

23. LEASE LIABILITIES

Carrying amount of lease liabilities

	Group	
	2023 $'000	2022 $'000
Current	**144**	110
Non-current	**885**	835
	1,029	945

	Group	
	2023 $'000	2022 $'000
Lease expense not included in the measurement of lease liabilities		
Lease expense – short-term leases (Note 8)	**10**	9
Interest expense on lease liabilities (Note 6)	**79**	87

During the financial year, total cash flows for leases amounted to $216,000 (2022: $214,000).

23. LEASE LIABILITIES (cont'd)

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

	Group	
	2023	**2022**
	$'000	**$'000**
Balance at 1 January	**945**	1,032
Changes from financing cash flows:		
– Repayments	**(127)**	(118)
– Interest paid	**(79)**	(87)
Non-cash changes:		
– Interest expenses	**79**	87
– New leases	**157**	–
– Currency translation differences	**54**	31
Balance at 31 December	**1,029**	945

24. DEFERRED TAX LIABILITIES

	Accelerated tax depreciation $'000	**Fair value gains/(losses) on biological assets $'000**	**Tax losses $'000**	**Right-of-use assets $'000**	**Lease liabilities $'000**	**Others $'000**	**Total $'000**
Group							
At 1 January 2022	(1,761)	(64)	(1,782)	12,543	(150)	17	8,803
Credited to profit or loss for the financial year	(643)	(685)	(724)	(351)	(1)	–	(2,404)
Currency translation differences	(216)	5	31	196	(2)	–	14
At 31 December 2022	(2,620)	(744)	(2,475)	12,388	(153)	17	6,413
(Credited)/charged to profit or loss for the financial year	315	(145)	717	(2,999)	(1)	(220)	(2,333)
Currency translation differences	(47)	15	30	(153)	3	4	(148)
At 31 December 2023	**(2,352)**	**(874)**	**(1,728)**	**9,236**	**(151)**	**(199)**	**3,932**

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	
	2023	**2022**
	$'000	**$'000**
Financial year		
2023	**–**	2,004
2024	**1,538**	1,599
2025	**2,049**	2,129
2026	**1,767**	1,818
2027	**2,382**	5,168
2028	**1,115**	–
	8,851	12,718

24. DEFERRED TAX LIABILITIES (cont'd)

The Group has unutilised tax losses of approximately $16,122,000 (2022: $16,313,000) that are available for offset against future taxable profits of the Group for which deferred tax assets amounting to approximately $2,741,000 (2022: $2,773,000) 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 $4,322,000 (2022: $4,918,000). 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 2022, 31 December 2022 and 31 December 2023	**17**

25. BORROWINGS

	Group		Company	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Non-current				
Bank Loan 1[(a)]	**123**	340	**123**	340
Bank Loan 3[(c)]	**–**	529	**–**	529
Bank Loan 4[(d)]	**311**	833	**311**	833
Bank Loan 5[(e)]	**5,851**	–	**–**	–
	6,285	1,702	**434**	1,702
Current				
Bank Loan 1[(a)]	**218**	211	**218**	211
Bank Loan 2[(b)]	**–**	311	**–**	311
Bank Loan 3[(c)]	**529**	340	**529**	340
Bank Loan 4[(d)]	**521**	506	**521**	506
Bank Loan 5[(e)]	**459**	–	**–**	–
Bank overdraft 1[(f)]	**1,690**	1,529	**–**	–
Bank overdraft 2[(g)]	**628**	–	**628**	–
	4,045	2,897	**1,896**	1,368
	10,330	4,599	**2,330**	3,070

(a) Bank Loan 1

Bank Loan 1 is denominated in SGD and bears interest at 3.00% (2022: 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% (2022: 2.00%) per annum. It is fully repaid on April 2023.

25. BORROWINGS (cont'd)

(c) Bank Loan 3

Bank Loan 3 is denominated in SGD and bears interest at 3.00% (2022: 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.

The Group had breached the financial covenant of Bank Loan 3 for not maintaining sufficient cash balance for certain bank account during the financial year. Therefore, the corresponding non-current portion of Bank Loan 3 amounting to $179,000 has been reclassified as current liabilities as at 31 December 2023. On 27 February 2024, the Group received one-off indulgence from the bank for the breach of financial covenant.

(d) Bank Loan 4

Bank Loan 4 is denominated in SGD and bears interest at 3.00% (2022: 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 Loan 5

Bank Loan 5 is denominated in USD and bears interest at 8.50% (2022: Nil) per annum. It is repayable in 120 equal instalments and will be fully repaid in April 2033 in accordance with the terms of the loan agreement.

This loan is secured by land and building constructed at freehold land located at Toul Kork District, Cambodia under development properties (Note 18) which provided by certain of the Company's subsidiaries.

(f) Bank overdraft 1

Bank overdraft 1 is denominated in USD and bears interest rate of 10% (2022: 10%) per annum as at 31 December 2023 and interest rate may varies at the discretion of the bank based on market factors. The bank overdraft 1 is secured by the development properties (Note 18), a limited corporate guarantee of US$15 million from the Company and a limited personal guarantee of US$15 million from a director.

(g) Bank overdraft 2

Bank overdraft 2 is denominated in USD and bears interest rate of 7.50% (2022: Nil) per annum as at 31 December 2023 and interest rate may varies at the discretion of the bank based on market factors. The bank overdraft 2 is secured by a mortgaged office premise under property, plant and equipment (Note 12) and corporate guarantees provided by certain of the Company's subsidiaries.

25. BORROWINGS (cont'd)

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

	Group	
	2023	2022
	$'000	$'000
Balance at 1 January	**3,070**	5,009
Changes from financing cash flows:		
– Repayments	**(1,613)**	(1,935)
– Interest paid	**(716)**	(130)
– New loan	**6,596**	–
Non-cash changes:		
– Interest expenses	**716**	130
– Currency translation differences	**(41)**	(4)
Balance at 31 December	**8,012**	3,070

26. TRADE PAYABLES

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

27. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Other payables	**2,150**	4,588	**7**	7
Amounts due to a joint venture	**685**	–	**–**	–
Deposits received	**1,638**	2,016	**–**	–
Accrued operating expenses	**878**	1,176	**308**	258
	5,351	7,780	**315**	265

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

Amounts due to a joint venture are non-trade, 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:

	2023	2022	1.1.2022
	$'000	$'000	$'000
Group			
Trade receivables from sale of development properties	**160**	432	4,079
Contract liabilities	**346**	581	610

29. LOAN FROM CONTROLLING SHAREHOLDER

Loan from controlling shareholder is non-trade in nature, interest-free, unsecured and is repayable on demand.

Reconciliation of movements of loan from controlling shareholder to cash flows arising from financing activities:

	Group	
	2023	**2022**
	$'000	**$'000**
Balance at 1 January	**–**	–
Changes from financing cash flows:		
– New loan and payment on behalf	**558**	–
Balance at 31 December	**558**	–

30. SHARE CAPITAL

	Group and Company			
	2023		**2022**	
	Number of issued shares	**Issued share capital**	**Number of issued shares**	**Issued share capital**
	'000	**$'000**	**'000**	**$'000**
At 1 January and 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.

31. OTHER RESERVES

	Group			Company	
		(Restated)	**(Restated)**		
	2023	**2022**	**1.1.2022**	**2023**	**2022**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Capital reserve	**414**	414	414	**(459)**	(459)
Foreign currency translation reserve	**(6,085)**	(5,562)	(4,713)	**–**	–
	(5,671)	(5,148)	(4,299)	**(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.

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.

32. DIVIDEND PAID

	Group and Company	
	2023	**2022**
	$'000	**$'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 years ended 31 December 2022 and 31 December 2023.

33. 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	
	2023	**2022**
	$'000	**$'000**
Staff costs[i]	**388**	412
Collections of sales receipts on behalf of joint venture	**685**	–

[i] Staff costs of $388,000 (2022: $412,000) 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	
	2023	**2022**
	$'000	**$'000**
Comprise amounts paid to:		
– Directors of the Company	**1,176**	1,189
– Other key management personnel	**87**	124
	1,263	1,313

34. 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 2023, the Group has contributed US$20,553,000 (equivalent to $27,113,000) (2022: US$15,553,000 (equivalent to $20,863,000)) for the construction costs and expenses of the joint venture and there is no remaining amount of commitment as the amount is fully contributed during the financial year (2022: remaining amount of commitment is US$5,000,000 (equivalent to $6,707,000).

35. 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.

As at 31 December 2023, the Company has provided corporate guarantee of $15,000,000 (2022: $15,000,000) to bank for bank overdraft of $1,690,000 (2022: $1,529,000) taken by its subsidiaries.

36. 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	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Financial assets				
Financial assets at amortised cost	**4,884**	12,875	**76,579**	67,543
Financial assets at fair value through profit or loss	**283**	243	**243**	243
Financial liabilities				
Financial liabilities at amortised cost	**17,660**	14,031	**32,787**	24,034

(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.

36. 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	
	2023 USD $'000	2022 USD $'000	2023 USD $'000	2022 USD $'000
Amounts due from subsidiaries	**40,990**	40,711	**13**	–
Cash and cash equivalents	**183**	379	**27**	280
Other receivables	**198**	–	**–**	
Amount due to a joint venture	**(685)**	–	**–**	–
Amounts due to subsidiaries	**(22,664)**	(15,749)	**(22,664)**	(15,749)
Borrowings	**(628)**	(311)	**(628)**	(311)
Net financial assets/(liabilities) denominated in foreign currencies	**17,394**	25,030	**(23,252)**	(15,780)

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 loss after tax:

	Group Increase/(decrease) in loss after tax		Company Increase/(decrease) in loss after tax	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
USD/SGD				
– Strengthened 5% (2022: 5%)	**(722)**	(1,039)	**965**	655
– Weakened 5% (2022: 5%)	**722**	1,039	**(965)**	(655)

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.

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.

36. **FINANCIAL INSTRUMENTS (cont'd)**

(b) **Financial risk management (cont'd)**

***Credit risk* (cont'd)**

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.

During the financial year ended 31 December 2023, the Group obtained completed development properties with carrying amount of $80,000 (2022: $220,000) by taking repossession of the sold property. 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:

	2023		2022	
	$'000	**%**	**$'000**	**%**
By geographical area				
Cambodia	**160**	**100**	438	100

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

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

Credit risk **(cont'd)**

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.

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.

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

Credit risk **(cont'd)**

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 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 current macroeconomic conditions on the ability of the customers to settle the receivables.

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.

36. FINANCIAL INSTRUMENTS (cont'd)

(b) Financial risk management (cont'd)

***Credit risk* (cont'd)**

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:

2023 **Group**	**12-month or lifetime ECL**	**Gross carrying amount $'000**	**Loss allowance $'000**	**Net carrying amount $'000**
Trade receivables	Lifetime ECL	**160**	**–**	**160**
Other receivables and deposits	Lifetime ECL	**380**	**(378)**	**2**
	12-month ECL	**787**	**–**	**787**
Cash and cash equivalents	N.A. Exposure Limited	**3,935**	**–**	**3,935**
Company				
Other receivables and deposits	12-month ECL	**4**	**–**	**4**
Amounts due from subsidiaries	12-month ECL	**76,322**	**–**	**76,322**
Cash and cash equivalents	N.A. Exposure Limited	**253**	**–**	**253**
2022 **Group**				
Trade receivables	Lifetime ECL	438	–	438
Other receivables and deposits	Lifetime ECL	380	(378)	2
	12-month ECL	800	-	800
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

The credit loss exposure for the Group's 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 2023 and 31 December 2022 except for impairment loss of $378,000 (2022: $378,000) provided on other receivables as at 31 December 2023.

36. 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				
2023				
Trade payables	**392**	**–**	**–**	**392**
Other payables and accruals	**5,351**	**–**	**–**	**5,351**
Borrowings	**5,250**	**4,386**	**4,275**	**13,911**
Lease liabilities	**152**	**544**	**2,502**	**3,198**
Loan from controlling shareholder	**558**	**–**	**–**	**558**
	11,703	**4,930**	**6,777**	**23,410**
2022				
Trade payables	707	–	–	707
Other payables and accruals	7,780	–	–	7,780
Borrowings	3,116	1,744	–	4,860
Lease liabilities	122	404	2,679	3,205
	11,725	2,148	2,679	16,552
Company				
2023				
Other payables and accruals	**315**	**–**	**–**	**315**
Amounts due to subsidiaries	**29,742**	**–**	**–**	**29,742**
Borrowings	**1,934**	**438**	**–**	**2,372**
Loan from controlling shareholder	**400**	**–**	**–**	**400**
Financial guarantee (Note 35)	**1,690**	**–**	**–**	**1,690**
	34,081	**438**	**–**	**34,519**
2022				
Other payables and accruals	265	–	–	265
Amounts due to subsidiaries	20,699	–	–	20,699
Borrowings	1,434	1,744	–	3,178
Financial guarantee (Note 35)	1,529	–	–	1,529
	23,927	1,744	–	25,671

37. 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:

<u>Biological assets</u>

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

<u>Financial assets at fair value through profit or loss</u>

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.

The carrying values of the Group’s non-current borrowings as disclosed in Note 25 approximate their fair values at the end of the reporting period as there are no significant changes in the interest rates available to the Group at the end of the reporting period. This fair value measurement is categorised in Level 3 of the fair value hierarchy.

38. 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) and debts (including borrowings, lease liabilities and loan from controlling shareholder).

There were no changes in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

38. CAPITAL MANAGEMENT (cont'd)

The gearing ratio is calculated as borrowings, lease liabilities and loan from controlling shareholder 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	
		(Restated)
	2023	2022
	$'000	$'000
Borrowings	**10,330**	4,599
Lease liabilities	**1,029**	945
Loan from controlling shareholder	**558**	–
	11,917	5,544
Equity attributable to the equity holders of the Company, representing total capital of the Company	**110,446**	134,742
Gearing ratio	**11%**	4%

39. 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.

39. SEGMENT INFORMATION (cont'd)

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.

The segment information provided to management for the reportable segments are as follows:

2023	Agriculture division $'000	Property development and real estate division $'000	Others $'000	Total $'000	Elimination $'000	Total $'000
Revenue						
External sales	451	(184)	–	267	–	267
Inter-segment sales	50	–	2,000	2,050	(2,050)	–
Total revenue	501	(184)	2,000	2,317	(2,050)	267
Segment (loss)/profit	(16,593)	(1,141)	170	(17,564)	(744)	(18,308)
Bad debts written off	–	(124)	–	(124)	–	(124)
Depreciation of property, plant and equipment and right-of-use assets	(2,188)	(219)	(152)	(2,559)	–	(2,559)
Fair value loss on biological assets	(1,175)	–	–	(1,175)	–	(1,175)
Finance costs	(73)	(614)	(108)	(795)	–	(795)
Income tax credit/(expense)	2,122	137	(59)	2,200	–	2,200
Gain on disposal of property, plant and equipment	4	–	–	4	–	4
Gain on change in fair value of financial assets at fair value through profit or loss	–	40	–	40	–	40
Impairment loss on development properties	–	(1,097)	–	(1,097)	–	(1,097)
Impairment loss on property, plant and equipment	(364)	–	–	(364)	–	(364)
Impairment loss on right-of-use assets	(13,285)	–	–	(13,285)	–	(13,285)
Interest income	–	103	1	104	–	104
Net loss on repossession of development properties	–	(48)	–	(48)	–	(48)
Property, plant and equipment written off	(352)	–	–	(352)	–	(352)
Share of loss of an associated company	–	(101)	–	(101)	–	(101)
Share of loss of a joint venture	–	(1,950)	–	(1,950)	–	(1,950)
Segment assets	51,916	79,617	976	132,509	–	132,509
Segment assets includes:						
Additions to non-current assets	306	221	118	645	–	645
Investment in an associated company	–	7,395	–	7,395	–	7,395
Investment in a joint venture	–	21,568	–	21,568	–	21,568
Segment liabilities	5,399	13,545	3,119	22,063	–	22,063

39. SEGMENT INFORMATION (cont'd)

The segment information provided to management for the reportable segments are as follows (cont'd):

2022 (Restated)	Agriculture division $'000	Property development and real estate division $'000	Others $'000	Total $'000	Elimination $'000	Total $'000
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
Net gain on repossession of development properties	56	–	–	56	–	56
Share of loss of a joint venture	–	(952)	–	(952)	–	(952)
Segment assets	69,865	84,638	1,319	155,822	–	155,822
Segment assets includes:						
Additions to non-current assets	159	15	406	580	–	580
Investment in a joint venture	–	17,173	–	17,173	–	17,173
Segment liabilities	7,288	10,440	3,352	21,080	–	21,080

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	
	2023 $'000	**2022 $'000**	**2023 $'000**	**(Restated) 2022 $'000**
Singapore	**–**	–	**1,546**	1,580
Cambodia	**267**	1,641	**79,044**	91,297
	267	1,641	**80,590**	92,877

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.

39. SEGMENT INFORMATION (cont'd)

Information about major customer

Revenue is derived from 1 (2022: 3) external customers who individually contributed 10% or more of the Group's revenue and are attributable to property development and real estate division.

	Group	
	2023	**2022**
	$'000	**$'000**
Customer A	**237**	–
Customer B	**–**	265
Customer C	**–**	222
Customer D	**–**	311
	237	798

40. SUBSEQUENT EVENTS

Disposal of HLH Agriculture (Cambodia) Co., Ltd. and H.L.H.I. (Cambodia) Company Limited

On 5 February 2024, the Company announced that the Company's wholly-owned subsidiary, HLH Agri International Pte. Ltd. entered into sale and purchase agreements dated 1 February 2024 for the disposal of 100% shareholding of HLH Agriculture (Cambodia) Co. Ltd and H.L.H.I. (Cambodia) Company Limited for cash consideration of US$36,000,000 (approximately $47,490,000) and US$1,500,000 (approximately $1,979,000) respectively. The estimated costs of disposal for HLH Agriculture (Cambodia) Co. Ltd and H.L.H.I. (Cambodia) Company Limited are $4,975,000 and $256,000 respectively.

The Company intends to seek approval from the shareholders of the Company for the proposed disposal at an extraordinary general meeting.

The proposed disposal has not been completed at the date of the authorisation of these financial statements, the Group is unable to determine the financial impact of the proposed transactions to the Group's financial statements.

41. PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES

During the current financial year, the Group's management reassessed the revenue recognition for sale of development properties under construction of its joint venture, Royal Hong Lai Huat One Company Limited ("Royal"), by considering the terms of the contracts entered with the customers and customary business practices in Cambodia and concluded that revenue arising from uncompleted development properties should be recognising at a point in time instead of recognising over time in prior financial years' financial statements.

Accordingly, the Group has made a prior year adjustment to adjust the share of results of the joint venture by restating comparative figures for the prior period's financial statements in accordance with SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*.

41. PRIOR YEAR ADJUSTMENTS AND COMPARATIVE FIGURES (cont'd)

The effects on the comparative figures are as follows:

Group	As previously reported $'000	Adjustment $'000	As restated $'000
For financial year ended 31 December 2022			
Consolidated Statement of Comprehensive Income			
Share of profit of a joint venture	695	(1,647)	(952)
Loss before tax	(12,716)	(1,647)	(14,363)
Loss for the financial year and loss attributable to equity holders of the Company	(10,402)	(1,647)	(12,049)
Other comprehensive loss:			
Items that are or may be reclassified subsequently to profit or loss:			
Share of other comprehensive loss of a joint venture	(244)	54	(190)
Total comprehensive loss for the financial year and total comprehensive loss attributable to equity holders of the Company	(11,305)	(1,593)	(12,898)
31 December 2022			
Statement of Financial Position			
Non-current assets			
Investment in a joint venture	20,274	(3,101)	17,173
Equity			
Retained earnings	22,011	(3,144)	18,867
Foreign currency translation reserve	(5,605)	43	(5,562)
Total equity	137,843	(3,101)	134,742
Consolidated Statement of Changes in Equity			
Retained earnings	22,011	(3,144)	18,867
Foreign currency translation reserve	(5,605)	43	(5,562)
For financial year ended 31 December 2022			
Consolidated Statement of Cash Flows			
Loss before tax	(12,716)	(1,647)	(14,363)
Share of (profit)/loss of a joint venture	(695)	(1,647)	952
Group			
1 January 2022			
Statement of Financial Position			
Non-current assets			
Investment in a joint venture	12,221	(1,508)	10,713
Equity			
Retained earnings	33,449	(1,497)	31,952
Foreign currency translation reserve	(4,702)	(11)	(4,713)
Total equity	150,184	(1,508)	148,676
Consolidated Statement of Changes in Equity			
Retained earnings	33,449	(1,497)	31,952
Foreign currency translation reserve	(4,702)	(11)	(4,713)

42. 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 2023 were authorised for issue in accordance with a resolution of the directors dated 8 April 2024.

STATISTICS OF SHAREHOLDINGS

AS AT 12 MARCH 2024

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	635	10.49	27,349	0.01
100 – 1,000	1,021	16.86	544,799	0.11
1,001 – 10,000	2,742	45.29	11,983,236	2.31
10,001 – 1,000,000	1,623	26.81	117,562,905	22.70
1,000,001 & above	33	0.55	387,725,825	74.87
TOTAL	6,054	100.00	517,844,114	100.00

TWENTY LARGEST SHAREHOLDERS

	TOP TWENTY SHAREHOLDERS	NO. OF SHARES	%
1	ONG BEE HUAT	208,802,465	40.32
2	PHILLIP SECURITIES PTE LTD	26,335,545	5.09
3	ONG JIA MING	20,599,765	3.98
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	8,850,699	1.71
9	KOH TIAK CHYE	7,766,787	1.50
10	ABN AMRO CLEARING BANK N.V.	7,336,154	1.42
11	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	4,569,799	0.88
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	0.58
17	GOH GUAN SIONG (WU YUANXIANG)	2,988,336	0.58
18	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,434,154	0.47
19	IFAST FINANCIAL PTE LTD	2,322,523	0.45
20	CHUA POH SUAN	2,300,000	0.44
		365,806,960	70.64

SUBSTANTIAL SHAREHOLDERS
(As recorded in the Register of Substantial Shareholders as at 12 March 2024)

Name of Substantial Shareholders	Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%
DATO' DR. ONG BEE HUAT, JOHNNY[(1)]	208,802,465	40.32	10,410,833[(1)]	2.01

Note:

(1) Dato' Dr. Ong Bee Huat, deemed interest 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 12 March 2024, approximately 50.88% 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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HONG LAI HUAT
GROUP LIMITED
SGX MAINBOARD (CTO.SI)
逢來發集團有限公司

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