HL Global Enterprises Limited

ANNUAL REPORT 2013

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CORPORATE DIRECTORY

BOARD OF DIRECTORS

Chairman
Gan Khai Choon - *Non-executive*

Lead Independent Director
Michael Yeo Chee Wee

Non-Executive Directors
Sherman Kwek Eik Tse
Philip Ting Sii Tien
Hoh Weng Ming
Martha Tan Hui Keng - *Independent*
Florence Tay Eng Neo - *Independent*
Loo Hwee Fang - *Independent*

AUDIT AND RISK COMMITTEE

Michael Yeo Chee Wee - *Chairman*
Martha Tan Hui Keng
Loo Hwee Fang

NOMINATING COMMITTEE

Martha Tan Hui Keng - *Chairman*
Michael Yeo Chee Wee
Loo Hwee Fang

REMUNERATION COMMITTEE

Michael Yeo Chee Wee - *Chairman*
Martha Tan Hui Keng
Loo Hwee Fang

EXECUTIVE COMMITTEE

Gan Khai Choon - *Chairman*
Sherman Kwek Eik Tse
Philip Ting Sii Tien

HL GLOBAL ENTERPRISES SHARE OPTION SCHEME 2006 COMMITTEE

Michael Yeo Chee Wee - *Chairman*
Martha Tan Hui Keng
Loo Hwee Fang

SECRETARIES

Aw Siew Yen, Patricia
Yeo Swee Gim, Joanne

REGISTERED OFFICE

156 Cecil Street, #09-01
Far Eastern Bank Building
Singapore 069544
Tel: (65) 6324 9500
Fax: (65) 6221 4861

REGISTRARS & TRANSFER OFFICE

KCK CorpServe Pte. Ltd.
333 North Bridge Road
#08-00 KH KEA Building
Singapore 188721
Tel: (65) 6837 2133
Fax: (65) 6339 0218

AUDITOR

Ernst & Young LLP
Public Accountants and
Chartered Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

(Partner-in-charge: Chan Yew Kiang, appointed from commencement of the financial year ended 31 December 2013)

PRINCIPAL BANKERS

DBS Bank Ltd

HL Bank

The Hongkong and Shanghai Banking Corporation Limited

United Overseas Bank Limited

HOSPITALITY OPERATIONS

Copthorne Hotel Qingdao

Elite Residences

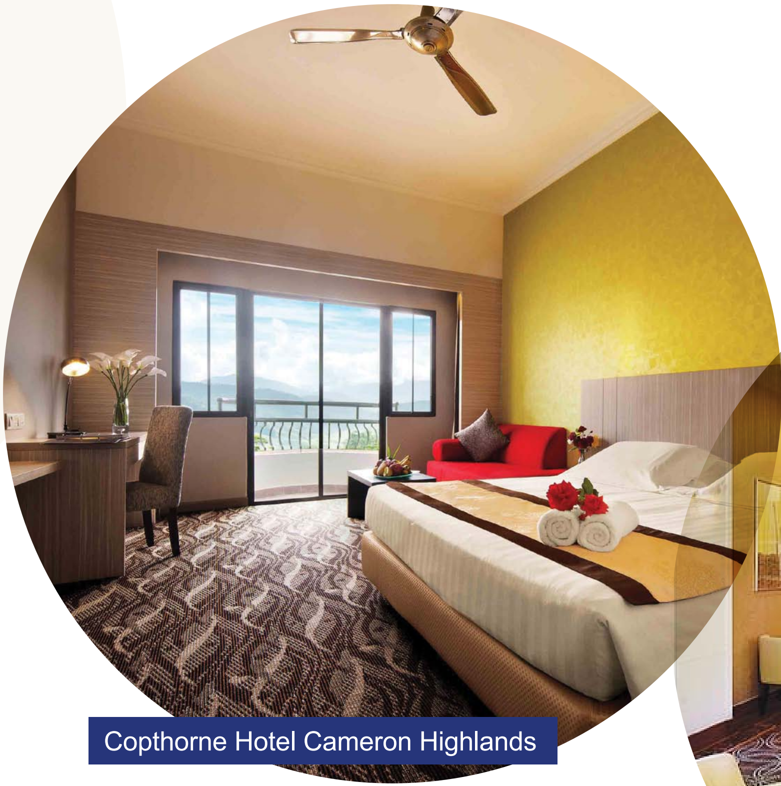
Copthorne Hotel Qingdao is an international deluxe hotel situated in the middle of Qingdao's central business district and is conveniently located near the most luxurious shopping mall in Qingdao. It is only a 30-minute drive to the airport.

Its 455 guestrooms and suites are contemporary in style and comfortable. The hotel provides an array of facilities and impeccable services to both business and leisure travellers. It offers a variety of dining experiences and is also equipped with a spectacular lobby lounge, coffee house, Chinese and Japanese restaurants, a large grand ballroom, meeting facilities, a well-equipped fitness centre and an indoor heated swimming pool with sauna facilities. The hotel is currently renovating its Club Lounge to provide a better ambience and facilities for its premier corporate guests.

Elite Residences is located in a bustling hub filled with shopping, dining and entertainment options with convenient transportation to Shanghai's central location. It has recently converted 14 units of its studio apartments into 7 units of 1-bedroom apartment, to provide guests with more accommodation choices and better facilities. Elite Residences now has 112 elegantly designed refurbished apartment units that redefines the concept of luxury living. The building faces Zhongshan Park, offering breathtaking views of the surrounding greenery - a real rarity in Shanghai!

A unique combination of style and functionality characterizes each apartment unit, which is designed in a contemporary style and features the highest quality in fittings and furniture. Residents can enjoy good quality facilities, including a gymnasium, residents' lounge and meeting room.

Elite Residences is the perfect choice for those who appreciate luxury and convenience and are looking for the right blend of urban lifestyle and tranquility.



Copthorne Hotel Cameron Highlands

Perched at 1,628 meters above sea level and surrounded by majestic mountains and gentle undulating valleys, **Copthorne Hotel Cameron Highlands** (formerly known as Equatorial Cameron Highlands) is the only hotel situated at the highest accessible point of the highlands. The year-long cool climate makes it an ideal holiday retreat.

The 269 guestrooms and suites offer beautiful views of the highland landscapes. The hotel is famous in the highlands for its capability in hosting events ranging from company incentive trips to conventions and seminars. All the superior and deluxe rooms have been refurbished.

Guests are also welcome to stay in the Tudor-styled resort located next to the the hotel, where 74 units have been leased by the hotel from the owners of the resort for use by its guests. Spreading over 13 acres, the resort offers attractive and self-contained low-rise and high-rise apartment suites. Each suite comes with a living room, a kitchenette and a spacious balcony which provides a spectacular view of the valley.

Equatorial Hotel Shanghai

Although the Group has disposed of its interest in **Equatorial Hotel Shanghai**, the hotel continues to be managed by a joint venture of the Group. Located in the heart of Shanghai, the hotel is at the junction of Hua Shan Road and West Yanan Road and only minutes away from the Shanghai Exhibition Centre, major tourist attractions and key intersections like East Nanjing Road, People's Square and Huaihai Road.

The hotel offers 507 guestrooms and suites which are spacious, well-appointed and feature a range of modern conveniences to ensure a comfortable and relaxing stay. Other hotel facilities include a Chinese restaurant, a western café, lobby lounge, an indoor heated swimming pool, a sauna, a fully equipped gymnasium, a hair salon as well as a spa.

CHAIRMAN'S STATEMENT

The Group experienced another challenging year in 2013 amidst stiff competition within the hospitality market in China and the rising costs of operation. During the year, revenue contribution from the Group's hospitality segment was impacted by the disposal of the Group's 50% equity interest in Shanghai International Equatorial Hotel Company Ltd ("SIEH"). The said disposal to the other joint venture party had allowed the Group to exit and realize its investment in SIEH in a more expeditious manner as compared to a lengthy liquidation process which would have been undertaken upon the expiry of the SIEH joint venture in November 2013.

Review of the Group's Performance

The Group reported a net loss of $6.2 million attributable to shareholders of the Company for 2013 compared to a net loss of $2.6 million for 2012.

The Group's revenue for 2013 was $18.2 million, a substantial decrease of $16.1 million compared to 2012. The decrease was primarily due to the de-consolidation of the financial results of SIEH arising from the transfer of the Group's 50% equity interest in SIEH, which was completed in June 2013.

Comparing on a like-for-like basis, excluding the revenue contribution from SIEH, the Group's revenue decreased by $1 million, approximately 5%, compared to 2012. Revenue from the hospitality segment, excluding the revenue contribution from SIEH, dropped from $18.3 million to $16.8 million. The decrease was partly due to the recognition of hotel management fee of $0.9 million in 2012 for prior years' services rendered to Copthorne Hotel Cameron Highlands (formerly known as Equatorial Cameron Highlands) which boosted the operating result of the hospitality segment in 2012. For 2013, only $79,000 was recognised for such similar service after consolidation. In addition, revenue was affected by the lower shop lease rental income at Elite Residences and lower room and food and beverage ("F&B") contribution from Copthorne Hotel Qingdao ("CHQ"). Compared to the preceding year, revenue contribution from the property development segment rose from $1 million to $1.5 million as the Group sold more apartment units at Cameron Highlands in 2013.

The Group realised a profit of $1 million from the disposal of the equity interests in SIEH and Scientex Park (M) Sdn Bhd respectively ("Disposals"). However, this profit was offset by the reclassification of foreign currency translation loss amounting to $5 million (arising from the cumulative impact of the strengthening of the Singapore Dollar against the Chinese Renminbi and Malaysian Ringgit) from the foreign currency translation reserve to the profit or loss upon the Disposals. As a result, the net loss from the Disposals was $4 million. Such realisation of foreign currency translation loss has no impact on the Group's net liabilities.

Excluding the net loss from the Disposals, the Group registered an operating loss before other income and finance costs of $0.7 million for 2013 against an operating profit of $1.9 million for 2012 (excluding the results of SIEH for 2012). This was caused by lower revenue of Elite Residences and CHQ, high operating costs and the absence of prior years' hotel management fee recognition. The operating profit reported for the hospitality segment declined from $3.5 million (excluding the results of SIEH) in 2012 to $1.4 million in 2013. Despite the revenue increase, operating loss in the property development segment increased by $0.7 million due to costs incurred for the slope rehabilitation works at Cameron Highlands in 2013.

Other income of $1 million in 2013 comprised primarily interest income, licence fee, write-back of trade and other payables and the forfeiture of tenant deposit arising from the early termination of a shop lease contract. Interest expense reduced from $3.3 million to $2.7 million mainly due to the partial repayment of an unsecured loan and lower interest rate charged for the said unsecured loan and a secured loan involving a joint venture company during the year. The Group recorded an exchange gain of $0.7 million for 2013. This is mainly attributable to the revaluation of net foreign currency monetary assets and liabilities arising from the strengthening of the US Dollar against the Singapore Dollar, strengthening of the Chinese Renminbi against the Singapore Dollar and US Dollar, and the weakening of the Malaysian Ringgit against the Singapore Dollar.

Hospitality Operations

With the increase in the number of new hotels in the vicinity, CHQ came under pressure to lower its average room rate ("ARR") further from RMB485 in 2012 to RMB479 in 2013. Room occupancy also declined by 3 percentage points to 51% compared to the preceding year, while room revenue decreased by 7%. The F&B business was dampened by the reduction in corporate spending on entertainment, resulting in a drop in F&B revenue by 16%.

The Group's serviced apartment in Shanghai, Elite Residences, managed to maintain its ARR at RMB588. However, room occupancy suffered a slide of 5 percentage points to 73%. Room revenue decreased by 4% and shop rental reduced by 38% as a result of lower rental rates for new leases.

In January 2014, Equatorial Cameron Highlands was rebranded as "Copthorne Hotel Cameron Highlands". The renovation of the deluxe rooms was completed during the year. It enjoyed an increase in occupancy rate of 3 percentage points to 54% and ARR went up slightly by RM5 to RM206.

Borrowings

The unsecured loan of $68 million due to Venture Lewis Limited ("Venture Lewis") (a wholly-owned subsidiary of China Yuchai International Limited, a 48.9% deemed substantial shareholder of the Company) will be due on 2 July 2014 (the "2013 Loan"). As announced by the Company on 19 February 2014, Venture Lewis has agreed to extend the 2013 Loan for another term of one year from 3 July 2014 to 2 July 2015 (the "2014 Loan"), upon the terms and subject to the conditions of the loan agreement dated 19 February 2014. With the exception of a reduction in the interest rate, the principal terms of the 2014 Loan are substantially similar to the 2013 Loan.

Outlook

With the rising operating costs and the increasing supply of new hotel rooms in Shanghai and Qingdao, the Group's hospitality operations continue to operate in a competitive and difficult environment. In addition, state-owned companies and government agencies in China have been frugal in their expenditures and as such, the Group's F&B business continues to be impacted.

The Group continues to be exposed to currency fluctuation risks as the majority of its assets and operations are located in China and Malaysia.

The Group will continue to seek suitable business and acquisition opportunities.

Acknowledgement

On behalf of the Board, I would like to thank our stakeholders, including our investors, suppliers, customers, bankers and business partners for their unwavering support. I would also like to thank my fellow Directors for their commitment, involvement and invaluable contributions and look forward to their continued guidance in the years ahead. Mr Sherman Kwek will be retiring from the Board of Directors at this year's annual general meeting. On behalf of the Board and management, I would like to express my sincere appreciation to Mr Kwek for his invaluable contributions to the Company over the past seven years. I would also like to thank all employees in the Group for their dedication, commitment and the efforts put in to meet the challenges in 2013.

GAN KHAI CHOON

Chairman

27 March 2014

BOARD OF DIRECTORS

Gan Khai Choon, *Age 67*

Appointed Chairman of HL Global Enterprises Limited ("HLGE" or the "Company") since 21 September 2007 and last re-elected a Director on 30 April 2013, Mr Gan is also the Chairman of the Executive Committee ("Exco"). He is also the Managing Director of Hong Leong International (Hong Kong) Limited, Executive Director of City e-Solutions Limited ("CES"), Non-Executive Director of China Yuchai International Limited ("CYI") and Safety Godown Company Limited.

Mr Gan has extensive experience in the banking, real estate investment and development sectors and has been involved in a number of international projects for the Hong Leong group of companies, which include the management and development of the Grand Hyatt Taipei and the Beijing Riviera.

Mr Gan holds a Bachelor of Arts Degree (Honours) in Economics from the University of Malaya.

Sherman Kwek Eik Tse, *Age 38*

First appointed as an Executive Director of the Company on 21 September 2007, Mr Kwek became a non-executive Director on 12 August 2010. He was last re-elected as a Director on 27 April 2012. Mr Kwek is also a member of the Exco. Mr Kwek, who will be retiring at the Company's 2014 Annual General Meeting, will not be seeking re-election as a Director when his term ends at the conclusion of the said meeting. Consequent thereto, he will also cease to be a member of the Exco after the said meeting.

Mr Kwek is currently also the Executive Director and Chief Executive Officer of CDL China Limited and the Chief Executive Officer of CES, both subsidiaries of City Developments Limited. He was the Chief Operating Officer of Thakral Corporation Ltd ("TCL") from 1 June 2006 to 1 September 2008.

Prior to joining the Company and TCL, Mr Kwek held a hotel management and property development role for the U.S. division of Millennium & Copthorne Hotels plc. Mr Kwek also has experience in the areas of finance, mergers and acquisitions, information technology as well as real estate having previously worked as an Associate Director of RECAP Investments Limited, a pan-Asian real estate private equity fund, and as a financial analyst in the Investment Banking Division of Credit Suisse First Boston.

Mr Kwek is a member of the 57th Council of the Singapore Chinese Chamber of Commerce & Industry. He graduated from Boston University with a Bachelor of Science in Business Administration, majoring in Finance and Marketing with a minor in Psychology.

Florence Tay Eng Neo, *Age 60*

First appointed as an Executive Director of the Company on 26 December 2000, Ms Tay became a non-executive Director on 31 May 2006. She was last re-elected on 30 April 2013.

Ms Tay has over 30 years of experience in the information technology field. Prior to joining HLGE as its Chief Executive Officer, a position which she relinquished in May 2006, she was Managing Director for Primefield Group of companies, a Director of Radio Corporation of Singapore Pte Ltd (now known as MediaCorp Radio Singapore Pte Ltd) from 1994 to 1999 and the Chairman of Microcomputer Trade Association of Singapore from 1989 to 1992. Currently, Ms Tay also holds the position of Executive Director in Primefield Inc. and Sunway Technologies (Beijing) Co. Ltd; both of which own and operate, in strategic partnership with China UnionPay, the largest self-service payment terminal network in Beijing, PRC.

Ms Tay holds a Bachelor of Arts (Honours) Degree in Political Science from McGill University, Montreal, Canada.

Michael Yeo Chee Wee, *Age 76*

Appointed a Director of the Company since 1 January 1985 and last re-appointed on 30 April 2013, Mr Yeo is the chairman of the Audit and Risk Committee ("ARC"), Remuneration Committee ("RC") and Committee of the HL Global Enterprises Share Option Scheme 2006 ("SOSC") and a member of the Nominating Committee ("NC"). He was also appointed as Lead Independent Director of the Company on 2 November 2012.

Mr Yeo has over 35 years of extensive experience including finance-related matters in the Singapore Administrative Service, Budget Division, Ministry of Finance and with Yeo Hiap Seng Ltd, a food and beverage public listed company, where he served as Executive Director until 1998. During his time with Yeo Hiap Seng Ltd, he was also Director of its other listed companies in Malaysia and Hong Kong.

He has previously served on a number of government organisations and was awarded the Public Service Medal - PBM in 1992 and the Public Service Star - BBM in 1999.

Mr Yeo holds a BA (MOD) Honours Degree in Economics and Political Science and a Master of Arts Degree from Trinity College, University of Dublin.

Martha Tan Hui Keng, *Age 56*

Appointed a Director of the Company since 21 September 2007 and last re-elected on 30 April 2013, Ms Tan is the chairman of the NC and a member of the ARC, RC and SOSC.

Ms Tan is currently a Non-Executive Director of Singapura Finance Ltd. She was an audit partner of KPMG (now known as KPMG LLP) from 1989 to 2005. Ms Tan has more than 25 years of experience in the public accounting field, which includes auditing, taxation, public listings, due diligence, mergers and acquisitions, internal control reviews and general business advisory services.

Ms Tan holds a Degree (Honours) in Accountancy from the University of Singapore and is also a Fellow Member of the Institute of Singapore Chartered Accountants.

Philip Ting Sii Tien @ Yao Sik Tien, *Age 59*

Appointed a Director of the Company since 6 March 2009 and last re-elected on 27 April 2012, Mr Ting is also a member of the Exco.

Mr Ting is the Executive Director and Chief Executive Officer ("CEO") of Hong Leong Asia Ltd. ("HLA"). He is also the Group General Manager of Hong Leong Corporation Holdings Pte Ltd, Executive Director and Group CEO of Tasek Corporation Berhad and Non-Executive Director of TCL. He was previously the Group Chief Financial Officer of HLA and the Chief Financial Officer of CYI.

Mr Ting has over 28 years of experience as a financial controller in various companies including Deutsche Bank Aktiengesellschaft (Singapore) and Bank of Montreal, Singapore.

Mr Ting is an associate member of the Institute of Chartered Accountants in England and Wales.

Hoh Weng Ming, *Age 52*

Mr Hoh was appointed as a Director of the Company since 16 February 2011 and was last re-elected on 28 April 2011.

He is currently the President and Director of CYI. He was previously the Chief Financial Officer ("CFO") of HLA from 11 November 2011 to 17 July 2013.

Mr Hoh has more than 25 years of working experience in accounting and financial management positions with extensive regional experience in Malaysia, New Zealand, Hong Kong, China and Singapore. He has worked in various finance roles with companies including Johnson Electric Industrial Manufactory Limited as well as Henan Xinfei Electric Co., Ltd. and CYI, both subsidiaries of HLA. He was previously with CYI as the Financial Controller from 2002 to 2003 and CFO from 1 May 2008 to 11 November 2011.

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

Loo Hwee Fang, *Age 39*

Appointed a Director of the Company since 1 March 2012 and last re-elected on 27 April 2012, Ms Loo also sits on the ARC, NC, RC and SOSC.

Ms Loo is currently the Group General Counsel of Yoma Strategic Holdings Ltd. She was previously with Messrs Lee & Lee where she served as a Partner in the Corporate Department of the firm until March 2013. Ms Loo has extensive legal experience particularly in the area of corporate finance, capital markets and fund management, fund raising, mergers and acquisitions, stock exchange procedures, compliance and corporate governance issues.

Ms Loo graduated from the University of Sheffield, England, with an LL.B (Hons) Degree in 1996. She is also a Barrister-at-law, having been called to the English Bar at Gray's Inn, England and Wales, in 1997 and was admitted to the Singapore Bar in 1998.

KEY MANAGEMENT PERSONNEL

Chua Jim Boon

Mr Chua joined HL Global Enterprises Limited ("HLGE") as Chief Operating Officer since 1 December 2008. He has more than 20 years of experience in senior executive positions in areas such as operations, consulting and change management, revenue and turnaround management, mergers and acquisitions as well as strategic planning for organisations.

Mr Chua holds a Bachelor of Business Administration Degree from University of Hawaii, Manoa, USA and a Master of Business Administration from Chaminade University of Honolulu, Hawaii, USA. He has also completed the CFO Residential Course conducted by New York University and the Harvard Asean Advanced Senior Management Program at Harvard Business School.

Foo Yang Hym

Ms Foo joined HLGE in 1984 as an Accountant and became the Group Accountant in 1994 and the Financial Controller in 2004. She was re-designated as Senior Vice President (Finance/Administration) of HLGE in April 2006. Prior to joining HLGE, she was an Audit Senior at Deloitte Haskins & Sells (now known as Deloitte & Touche LLP).

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

Yam Kit Sung

Mr Yam joined HLGE as Vice President (Finance) in June 2006 and was re-designated as Vice President - Asset Management (China) on 1 March 2013. He is also the General Manager of Grand Plaza Hotel Corporation which owns The Heritage Hotel Manila, since April 2000. Prior to joining HLGE, he was an internal auditor at CDL Hotels International Limited (until 1996). He also worked at Price Waterhouse (now known as PricewaterhouseCoopers LLP) as an auditor (until 1995) and was an Operations Analyst with The Heritage Hotel Manila from 1996 to 1999.

Mr Yam obtained his Bachelor of Accountancy (Honours) Degree from the Nanyang Technological University, Singapore.

HL Global Enterprises Limited ("HLGE" or the "Company") is committed to maintaining good corporate governance and business integrity in all its business activities.

This report sets out HLGE's corporate governance practices with specific reference to the principles and guidelines under the Code of Corporate Governance 2012 ("2012 Code"). Where the Company's practices differ from the recommendations under the 2012 Code, the Company's position in respect of such differences is explained in this report.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

Primary Functions of the Board

The Board oversees the Company's business. Its primary functions are to provide leadership, set corporate policy, provide guidance on and approve strategic objectives, and ensure that necessary financial and human resources are in place for the Company to meet its objectives, review the Company's and management's performance, satisfy itself as to the adequacy and effectiveness of the framework and processes for internal controls (including financial, operational, compliance and information technology ("IT") controls) and risk management for the safeguarding of shareholders' interests and the Company's assets, and assume responsibility for good corporate governance.

Independent Judgment

All Directors are required to objectively discharge their duties and responsibilities in the interests of the Company. Directors who are in any way, directly or indirectly, interested in a transaction or proposed transaction will declare the nature of their interests in accordance with the provisions of the Companies Act, Chapter 50, and also voluntarily abstain from deliberation on the same. The Board has established the Nominating Committee ("NC") which recommends to the Board, the appointments/re-appointments to the Board and Board Committees and assesses the independence of Directors. When assessing the independence of Directors, the NC takes into account the individual Director's objectivity, independent thinking and judgment.

Delegation by the Board

The primary functions of the Board are either carried out directly by the Board or through committees established by the Board, namely, the Executive Committee ("Exco"), the Audit and Risk Committee ("ARC"), the NC, the Remuneration Committee ("RC") and the HL Global Enterprises Share Option Scheme 2006 ("SOS") Committee ("SOSC"), all collectively referred to hereafter as the Board Committees. Except for the SOSC, clear written terms of reference for each of the Board Committees set out the authority and duties of the Board Committees and all terms of reference for the Board Committees are approved by the Board. The composition of each Board Committee can be found under the 'Corporate Directory' section in this Annual Report 2013 ("AR").

The delegation of authority by the Board to the Board Committees enables the Board to achieve operational efficiency by empowering these Board Committees to decide on matters within their respective written terms of reference and/or limits of delegated authority, and yet without abdicating its responsibility. Please refer to sections on Principles 4, 5, 7, 8, 11 and 12 in this report for further information on the activities of the NC, RC and ARC. Information on the activities of the Exco can be found under Principle 1 in this report. Information on the SOSC is set out in the Directors' Report on pages 28 and 29 and the Financial Statements on page 86 of the AR.

Board Processes

Board and Board Committee meetings are held regularly, with the Board meeting no less than 4 times a year. A meeting of the independent Directors, chaired by the Lead Independent Director ("Lead ID") may be held as often as may be warranted by circumstances. The proposed meetings for the Board and all Board Committees except for the Exco and SOSC for each new calendar year are set out in a schedule of meetings and notified to all Board members before the start of the calendar year. Additional meetings are convened as and when circumstances warrant. Records of all such meetings including discussions on key deliberations and decisions taken are maintained by the Company Secretary. The Company's Articles of Association allow for the meetings of its Board and Board Committees to be held via teleconferencing and/or videoconferencing. The Board and Board Committees may also make decisions by way of circulating resolutions.

The attendance of the Directors at meetings of the Board and Board Committees, as well as the frequency of such meetings during the financial year ended 31 December 2013 ("FY 2013"), are disclosed below. Notwithstanding such disclosure, the Board is of the view that the contribution of each Director should not be focused only on his or her attendance at meetings of the Board and/or Board Committees. A Director's contribution also extends beyond the confines of the formal environment of such meetings, through the sharing of views, advice, experience and strategic networking relationships which would further the interests of the Company.

Directors' Attendance at Board and Board Committee Meetings in 2013

	Board	**ARC**	**NC**	**RC**
Number of Meetings held in 2013:	**4**	**4**	**1**	**1**
Name of Directors	**Number of Meetings Attended in 2013**			
Gan Khai Choon	4	N.A.	N.A.	N.A.
Sherman Kwek Eik Tse	4	N.A.	N.A.	N.A.
Philip Ting Sii Tien	4	N.A.	N.A.	N.A.
Hoh Weng Ming	4	N.A.	N.A.	N.A.
Florence Tay Eng Neo	4	N.A.	N.A.	N.A.
Michael Yeo Chee Wee	4	4	1	1
Martha Tan Hui Keng	4	4	1	1
Loo Hwee Fang	4	4	1	1

The SOSC did not convene any meeting in 2013. Although no formal meetings of the Exco were held in 2013, regular informal discussions were held by its members to discuss, amongst other matters, the Group's operations and potential investment opportunities.

Board Approval

The Board has in place an internal guide wherein certain key matters are specifically reserved for approval by the Board such as the setting of strategic direction or policies or financial objectives which have or may have material impact on the profitability or performance of the Group and decisions to commence, discontinue or modify significantly any business activity or to enter or withdraw from a particular market sector. Management is fully apprised in such matters.

The Exco comprises 3 Directors. The Exco's principal responsibility as set out in its written terms of reference, approved by the Board, is to assist the Board in the discharge of its duties by deliberating on matters requiring Board review that may arise between full Board meetings, and in carrying out any Board functions as delegated down and tasked by the Board from time to time. It also assists the Board in its general oversight of Management and objectively evaluates the performance of Management. It reviews and recommends to the Board, the HLGE Group's (the "Group") initiatives on strategic development and direction on new investments.

Board Orientation and Training

Every newly appointed Director receives a formal letter, setting out his general duties and obligations as a Director pursuant to the relevant legislations and regulations. The new Director will also receive an induction pack containing information and documents relating to the role and responsibilities of a director, the Group's businesses, Board processes, corporate governance practices, relevant company policies and procedures as well as a board meeting calendar for the year with a brief of the routine agenda for each meeting.

The Company also conducts a comprehensive induction programme for newly appointed Directors and for existing Directors pursuant to their appointments to any of the Board Committees, which seeks to familiarise Directors with the Group's businesses, board processes, internal controls and governance practices. The induction programme includes meetings with various key executives of the Management and briefings on key areas of the Group's operations. No new Directors were appointed in 2013.

For a first time Director who has no prior experience as a director of a listed company, in addition to the induction as detailed above, he will be encouraged to also attend the Listed Company Director ("LCD") Programme conducted by the Singapore Institute of Directors ("SID") in order to acquire the minimum knowledge of what is expected of a listed company director. Completion of the LCD Programme which focuses on comprehensive training of company directors on compliance, regulatory and corporate governance matters, should provide the first time Director with a broad understanding of the roles and responsibilities of a listed company under the requirements of the Companies Act, Chapter 50, the Listing Manual of Singapore Exchange Securities Trading Limited ("SGX-ST") and the 2012 Code. The Company Secretary will co-ordinate with the first time Director to endeavour to complete the LCD Programme within one year from his date of appointment subject to SID's training schedule and the Director's availability.

The Directors are also provided with updates and/or briefings from time to time by professional advisers, auditors, Management and the Company Secretary in areas such as directors' duties and responsibilities, corporate governance practices, relevant legislations and regulations, risk management and financial reporting standards. The Directors are regularly kept informed by the Company Secretary of the availability of appropriate courses, conferences and seminars such as those run by the SID and the Directors are encouraged to attend such training at the Company's expense. Three in-house seminars were conducted by invited speakers during 2013, on topics relating to highlights of the Singapore Budget 2013, the obligations under the Personal Data Protection Act 2012 and updates on financial reporting standards and tax matters. In addition to the training courses/programmes, Directors are also at liberty to approach Management should they require any further information or clarification concerning the Group's operations.

Corporate Values and Conduct of Business

The Company has in place an Internal Code of Business and Ethical Conduct crystallising the Company's business principles and practices with respect to matters which may have ethical implications. The Code provides a communicable and understandable framework for staff to observe the Company's principles such as honesty, integrity, responsibility and accountability at all levels of the organization and in the conduct of the Company's business in their relationships with customers, suppliers and amongst employees, including situations where there are potential conflicts of interests.

Internal Code on Dealing in Securities

The Company has in place an internal code on securities trading which sets out the implications of insider trading and provides guidance and internal regulation with regard to dealings in the Company's securities by its Directors and officers. These guidelines prohibit dealing in the Company's securities (a) on short-term considerations; (b) while in possession of unpublished material price-sensitive information in relation to such securities; and (c) during the "closed period", which is defined as 2 weeks before the date of announcement of results for each of the first 3 quarters of the Company's financial year and one month before the date of announcement of the full year financial results, and ending on the date of the announcement of the relevant results. The Directors and employees of the Company are notified prior to the commencement of the "closed periods" relating to dealing in the Company's securities.

Principle 2: Board Composition and Guidance

Board Independence

The Board currently comprises 8 members, all of whom are non-executive Directors ("NEDs"). The NC has recommended and the Board has determined 4 of them, being half of the Board, to be independent ("4 IDs"), thus providing for a strong and independent element on the Board capable of exercising objective judgment on the corporate affairs of the Company. No individual or small group of individuals dominates the Board's decision making.

When reviewing the independence of the 4 IDs, the NC has considered their other directorships, annual declaration regarding their independence, their ability to avoid any apparent conflicts of interests especially by abstaining from deliberation on such transactions, and their ability to maintain objectivity in their conduct as Directors of the Company.

In addition, when determining the independence of Mr Michael Yeo and Ms Florence Tay who have served on the Board for more than 9 years, the NC and the Board have given due consideration in accordance with Guideline 2.4 of the 2012 Code which requires that the independence of any director who has served on the Board beyond 9 years, from the date of first appointment, be subject to particularly rigorous review. Having reviewed the NC's recommendation, the Board has determined that both of them to be independent notwithstanding they have served on the Board beyond 9 years as they have continued to demonstrate strong independence in character and judgement in the discharge of their responsibilities as Directors of the Company. Mr Yeo had displayed objectivity in handling the affairs of the Company, both at the Board and Board Committee level, whether during meetings or outside of meetings. As for Ms Tay, her involvement was mainly at Board meetings and she had also displayed objectivity in situations where independent judgment was required. The Company had also benefited from their years of experience with their different business backgrounds and also the historical perspective on matters concerning the Company which both Directors can provide.

Board Composition and Size

The NC reviews the size and composition mix of the Board and Board Committees annually. The Board comprises business leaders and professionals with financial, legal and business management backgrounds. Taking into account the scope and nature of the operations of the Group, and the Board is satisfied that the current composition mix and size of the Board is appropriate and allows for effective decision making. The standing of the members of the Board in the business and professional communities, and with their combined business, management and professional experience, knowledge and expertise, provide the necessary core competencies to meet the Group's needs and to allow for diverse and objective perspectives on the Group's strategic direction and growth.

NEDs' Participation

The Board comprises all NEDs who participate actively in Board meetings in the development of the Group's strategic plans and direction, and in the review and monitoring of Management's performance against budgets. To facilitate this, they are kept informed of the Group's business and performance through monthly reports from Management, and have unrestricted access to Management. The NEDs sit on various Board Committees established by the Board to provide constructive input and the necessary review and monitoring of performance of the Group and Management.

Principle 3: Chairman and Chief Executive Officer

Role of Chairman

The Chairman of the Board is Mr Gan Khai Choon who is a NED. The Chairman bears primary responsibility for the workings of the Board, by ensuring effectiveness in all aspects of its role including setting agenda for Board meetings with input from Management, ensuring sufficient allocation of time for thorough discussion of each agenda item, promoting open environment for debate, and ensuring that all the Directors are able to speak freely and contribute effectively and exercising control over the quality, quantity and timeliness of information flow between the Board and Management. At annual general meetings and other shareholder meetings, he plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management.

The Company does not have any Executive Director and the Exco is tasked to undertake the overall management of the Group's operations and investments.

Lead Independent Director

There are internal controls in place to allow for effective oversight by the Board of the Company's business to ensure an appropriate balance of power and authority is exercisable by the Board to enable objective decision-making in the interests of the Company. In view that the Chairman of the Board, Mr Gan Khai Choon is not an independent Director, the Board has appointed Mr Michael Yeo Chee Wee as Lead ID to serve as a sounding board for the Chairman of the Board and also as an intermediary between the Directors and the Chairman of the Board. The role of the Lead ID is set out under the written terms of reference of the Lead ID, which has been approved by the Board. Under the chairmanship of the Lead ID, a meeting of the independent Directors was convened in 2013 without the presence of Management or the Board Chairman.

Principle 4: Board Membership

NC Composition and Role

The NC comprises 3 NEDs, all of whom including the chairman of the NC, are independent. The Lead ID is also a member of the NC. Please refer to the ‘Corporate Directory’ section on page 1 of the AR, for the composition of the NC. The NC’s responsibilities as set out in its written terms of reference approved by the Board, is to review all Board and Board Committee composition and membership, determine Director’s independence, evaluate performance of the Board as a whole, its Board Committees and the individual Directors, review appointments and resignations of Senior Management and review Directors’ training and continuous professional development programme. The Company Secretary maintains records of all NC meetings including records of discussions on key deliberations and decisions taken.

For the financial year under review, the NC implemented and conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities.

Based on the self-assessment, the NC is of the view that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

Re-nomination of Directors

The NC reviews annually the nomination of the relevant Directors for re-election and re-appointment as well as the independence of Directors. When considering the nomination of Directors for re-election and re-appointment, the NC takes into account their contribution to the effectiveness of the Board as well as their time commitments especially for Directors who have multiple board representations and/or other principal commitments, and also reviews their independence.

The Articles of Association of the Company provide that at least one-third of the Directors for the time being, shall retire as Directors at each annual general meeting of the Company (“AGM”). All new Directors appointed by the Board shall hold office until the next AGM, and be eligible for re-election at the said AGM.

Excluding Mr Michael Yeo, a Director above 70 years of age who is subject to annual re-nomination, the remaining Directors of the Company will retire about once in every 2 to 3 years. In accordance with the Articles of Association of the Company, Mr Hoh Weng Ming and Ms Loo Hwee Fang are due to retire by rotation at the forthcoming AGM (“2014 AGM”) and have offered themselves for re-election at the 2014 AGM. Mr Sherman Kwek who will also retire in accordance with the Articles of Association of the Company, will not be seeking re-election as Director at the 2014 AGM.

Criteria and Process for Nomination and Selection of New Directors

The NC interviews shortlisted candidates before formally considering and recommending them for appointment to the Board and where applicable, to the Board Committees.

In reviewing and recommending to the Board any new Director appointments, the NC considers: (a) the candidate’s independence, in the case of the appointment of an independent NED; (b) the composition requirements for the Board and Board Committees (if the candidate is proposed to be appointed to any of the Board Committees); (c) the candidate’s age, gender, track record, experience and capabilities or such other factors as may be determined by the NC to be relevant which would contribute to the Board’s collective skills; and (d) any competing time commitments if the candidate has multiple board representations and/or other principal commitments.

Directors' Time Commitments

When considering the nomination of Directors for appointment or re-election/re-appointment, the NC also takes into account the competing time commitments faced by Directors with multiple board representations and/or other principal commitments. An analysis of the directorships (including directorships within corporate groups and executive appointments) held by the Directors is reviewed annually by the NC. Based on the analysis and the Directors' commitments and contributions to the Company which is also evident in their level of attendance and participation at Board and Board Committee meetings, the NC is satisfied that all Directors are able to carry out and have been adequately carrying out their duties as Directors of the Company.

It is recommended under the 2012 Code that the Board consider providing guidance on the maximum number of listed company board representations which each Director of the Company may hold in order to address competing time commitments faced by the Directors serving on multiple boards. Having considered this issue, the NC does not recommend setting a maximum number of listed company board representations that a Director may hold in this report. The Board considers an assessment of the individual Directors' participation as described above to be more effective for the Company than to prescribe a numerical limit on the number of listed company directorships that a Director may hold. It would not wish to omit from consideration suitable individuals who, despite the demands on their time, have the capacity to participate and contribute as members of the Board.

Key Information on Directors

Please refer to the 'Board of Directors' section in the AR for key information on the Directors, and additional information in the notice of AGM for Directors proposed for re-election and re-appointment at the 2014 AGM. Currently, no alternate Directors have been appointed in respect of any of the Directors.

Succession Planning for the Board

The Board believes in carrying out succession planning for itself to ensure continuity of leadership. Board renewal is a continuing process and in this regard, the NC reviews the composition of the Board, which includes size and mix, annually and recommends as and when appropriate to the Board the selection and appointment of new Directors, whether in addition to existing Board members or as replacement of retiring Board members, with a view to identifying any gaps in the Board's skills sets taking into account the Group's business operations. The Board will be able to function smoothly notwithstanding any resignation or retirement of any Director given the present number of members and mix of competencies on the Board.

Board Development

The NC reviews the training and development of the Directors to ensure that Directors receive appropriate development on a continuing basis, to perform their roles on the Board and where applicable, the Board Committees. The Directors are provided with updates and/or briefings to assist them to properly discharge their duties. The briefings are conducted either internally with invited speakers, or externally, at the Company's expense. A separate programme is established for new Directors, details of which as well as the internal briefing and updates provided for the Directors in 2013 are set out in the paragraph above under the subject heading "Board Orientation and Training".

The Board is kept apprised twice yearly on a list of training programmes attended by the Directors during the year.

Principle 5: Board Performance

Board Evaluation Process

The Company has in place a formal process for assessment of the effectiveness of the Board as a whole, the various Board Committees and the contribution by each Director to the effectiveness of the Board and the Board Committees, where applicable. No external facilitator has been used. The NC assesses the Board's performance as a whole annually using objective and appropriate quantitative and qualitative criteria which were recommended by the NC and approved by the Board. When assessing the overall Board performance, the NC takes into consideration the feedback from individual Directors on areas relating to the Board's competencies and effectiveness. The results of the overall evaluation of the Board by the NC including its recommendation, if any, for improvements are presented to the Board.

The NC's assessment of performance of the Board Committees is assisted by the reports provided by the chairmen of the Board Committees.

The annual evaluation process for each individual Director's performance includes a review of the background information concerning the Director, his attendance records at Board and Board Committee meetings and an evaluation by the NC based on certain assessment parameters which had been recommended by the NC and approved by the Board. When deliberating on the performance of a particular Director who is also a member of the NC, that member abstains from the discussions in order to avoid any conflict of interests.

The results of the individual evaluation of each of the Directors are also used by the NC, in its consultation with the Board Chairman, to review, where appropriate, the composition of the Board and Board Committees, and to support its proposals, if any, for appointment of new members and its recommendations for the re-appointment and re-election of retiring Directors. Comments from the Directors, if any, concerning the Board as a whole and the general performance of the Directors, are also presented to the Board.

Board Evaluation Criteria

The qualitative criteria are set out in a questionnaire covering 3 main areas relating to Board composition, roles and responsibilities, conduct of meetings and access to information.

The quantitative criteria used to evaluate the overall Board performance comprises a comparison of the Company's performance (including segmental performance) for the financial period under review against the Company's budgeted forecasts and performance for the corresponding period in the previous year.

Individual Director Evaluation Criteria

Factors taken into account in the assessment of a Director's performance include his abilities and competencies, his objectivity and the level of participation at Board and Board Committee meetings including his contribution to Board processes and the business strategies and performance of the Company.

Principle 6: Access to Information

Complete, Adequate and Timely Information and Access to Management

Prior to each meeting, members of the Board and the Board Committees are provided with the meeting agenda and the relevant papers submitted by Management, containing complete, adequate and timely information to enable full deliberation on the issues to be considered at the respective meetings. Management and the Company's auditors and professional advisers who can provide additional insight into the matters for discussion, are also invited from time to time to attend such meetings. Directors also have separate and independent access to Management.

Draft agendas for Board and Board Committee meetings are circulated to the Board Chairman and the chairmen of the Board Committees, in advance, for them to review and suggest items for the agenda. Each of the chairmen of the ARC, NC, RC and Exco provides an annual report of the respective committees' activities during the year under review to the Board. The minutes of meetings of the Board Committees are circulated to all Board members.

Company Secretary

The Company Secretary, whose appointment and removal are subject to Board's approval, attends all Board and Board Committee meetings and ensures that all Board procedures are followed. The Company Secretary, together with Management, also ensures that the Company complies with all applicable statutory and regulatory rules. Together with Management, she also advises the Board Chairman, the Board and Board Committees on corporate governance matters and assists to implement and strengthen corporate governance practices and processes, including facilitating orientation for newly appointed Directors and appointments to Board Committees, and continuing training and development for the Directors.

On an on-going basis, the Directors have separate and independent access to the Company Secretary, whose duties and responsibilities are clearly defined.

Independent Professional Advice

The Directors, whether as a group or individually, are entitled to take independent professional advice at the expense of the Company, in furtherance of their duties and in the event that circumstances warrant the same. The Company has in place internal guidelines allowing the Directors to seek independent professional advice.

Principle 7: Procedures for Developing Remuneration Policies

RC Composition and Role

The RC comprises 3 NEDs, all of whom including the chairman of the RC, are independent. The RC's principal responsibilities as set out in its written terms of reference, approved by the Board are to review and recommend, for the endorsement of the Board, a framework of remuneration and the specific remuneration packages for each Board member and the Company's key management personnel ("KMP"). On an annual basis, the RC reviews the annual increments, and year-end bonuses to be granted to the KMPs. There were no changes in the Company's KMP in 2013.

The Company has in place a remuneration framework for the Directors and the KMP. The Company currently identifies its Chief Operating Officer, Senior Vice President (Finance/Administration) and Vice President, Asset Management (China), as its KMP.

All the members of the RC also sit on the SOSC and the chairman of the RC is also the chairman of the SOSC. No remuneration consultants from outside the Company were appointed. The Company Secretary maintains records of all RC meetings including records of discussions on key deliberations and decisions taken.

The RC had one meeting in 2013. For the financial year under review, the RC implemented and conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities.

Based on the self-assessment, the RC is of the view that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

Principle 8: Level and Mix of Remuneration

Remuneration of Directors and KMP

The Company currently does not have any executive Director.

In reviewing the remuneration package of the KMP, the RC considers the level of remuneration based on the Company's remuneration policy which gives due regard to the economic climate, market conditions and financial position of the Company.

When reviewing the structure and level of Directors' fees, the RC takes into consideration the Directors' roles and responsibilities in the Board and Board Committees, and the changes in the business, corporate governance practices and regulatory rules. No Director is involved in deciding his own remuneration.

The Company has established the SOS in 2006 but no options had been granted under the said scheme which details can be found on pages 28 and 29 of this AR. In view of the Company's financial position and pending opportunities to grow the Group's earning base which remains a priority of the Board, the RC does not think it is appropriate at this juncture to consider the grant of options under the SOS or structure the KMP's remuneration so as to link rewards to corporate and individual performance.

For the same reason, the RC also does not think that it is currently appropriate to adopt the use of a claw-back mechanism in the variable components of the remuneration of the KMP for exceptional circumstances of misstatement of financial results or of misconduct resulting in financial loss or other losses to the Company.

Principle 9: Disclosure of Remuneration

Disclosure of Remuneration

The compensation packages for the KMP for FY 2013 comprise a fixed component (in the form of a base salary) and fixed allowances and a variable component in the form of year-end bonus.

Each of the Directors receives a base Director's fee, with the Chairman of the Board receiving an additional fee for serving as Board Chairman. Directors who serve on the various Board Committees (other than the Exco and SOSC) also receive additional fees in respect of each Board Committee that they serve on, with the chairmen of the Board Committees receiving a higher fee in respect of their service as chairman of the respective Board Committees.

The breakdown (in dollar terms) of the Directors' remuneration for FY 2013 is set out below.

Directors	Board/Board Committee Fees [1] $
1. Gan Khai Choon	30,000
2. Sherman Kwek Eik Tse	15,000
3. Florence Tay Eng Neo	15,000
4. Michael Yeo Chee Wee	62,000
5. Martha Tan Hui Keng	43,000
6. Philip Ting Sii Tien	15,000
7. Hoh Weng Ming	15,000
8. Loo Hwee Fang	40,000

Note:

1 These fees for FY 2013 are subject to approval by shareholders as a lump sum at the 2014 AGM for FY 2013.

The breakdown (in percentage terms) of the KMPs' remuneration for FY 2013 is set out below.

	Base Salary [1] %	Year-end Bonuses/ Allowances [1] %	Other Benefits %	Total %
$250,000 and below				
KMPs				
1. Chua Jim Boon	81	14	5	100
2. Foo Yang Hym	82	15	3	100
3. Yam Kit Sung	62	11	27	100

Note:

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

Due to the highly competitive human resource environment, the Board does not believe it is in the interest of the Company to disclose in aggregate the remuneration paid to its 3 KMP.

Remuneration of Director's Immediate Family Member for FY 2013

During FY 2013, none of the Directors had immediate family members who were or are employees of the Company and whose personal annual remuneration exceeded or exceeds $50,000.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

Accountability of Board and Management

The Board provides shareholders with quarterly and annual financial results. Results for the first 3 quarters are released to shareholders within 45 days of the end of each quarter whilst the annual results are released within 60 days from the financial year end. In presenting the Group's annual and quarterly results, the Board aims to provide shareholders with a balanced and understandable assessment of the Group's performance and financial position with a commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which it operates.

For the first three quarters and full year of 2013, the Board was provided with a representation letter by the Chief Operating Officer and the Senior Vice President (Finance/Administration) in connection with the issue of the unaudited quarterly financial statements of the Group confirming that to the best of their knowledge and belief, nothing has come to their attention which may render the financial statements to be false or misleading in any material respect. The Board, in turn, provided a negative statement to shareholders in respect of the Company's interim financial statements for the first three quarters of 2013 to the shareholders in accordance with the regulatory requirements.

Management provides all Directors with monthly financial reports of the Group's performance.

Principle 11: Risk Management and Internal Controls

Risk Management

An organizational risk management framework has been established by Management to formalise and document the internal processes, many of which are already currently in place, to enable significant business risks within the Group to be identified, assessed, monitored, managed and evaluated. The Company recognizes that risk management process is an on-going process and will thus continuously ensure that the Company's current risk management system and processes are in line with industry practices.

To assist the Board in its risk management oversight, the ARC reviews the Group's risk management processes and practices. Half yearly updates on the Group's risk management are provided to the ARC by the Risk Management Committee ("RMC") comprising members of the key management team, was established to spearhead and be responsible for the implementation and management of the Group's risk management framework.

Internal Controls

The Directors recognise that they have overall responsibility to ensure proper financial reporting for the Group and effectiveness of the Group's system of internal controls including financial, operational, compliance and IT controls, and risk management policies and systems.

Having regard to the risks to which the business is exposed, the likelihood of such risks occurring and the risk tolerance accepted by the Group, the Company's internal controls structure has been designed and put in place by Management to provide reasonable assurance against material financial misstatements or loss, for safeguarding of assets, for maintenance of proper accounting records, on the reliability, relevance and integrity of the information (including financial information) used within the business and for publication, and on compliance with applicable laws and regulations. Nevertheless, no internal controls system can provide absolute assurance in view of inherent limitations of any internal controls system against the occurrence of human and system errors, poor judgment in decision-making, losses, fraud or other irregularities.

The internal controls structure which is established includes:

– a risk management framework for the identification, assessment and monitoring of the Group's key risks;

– policies and procedures and approved authorization matrix in place, which are reviewed from time to time, that govern and allow from time to time the monitoring of financial and operational controls;

– a programme of external and internal audits; and

– a whistle-blowing programme, whereby staff of the Company or other persons can raise in confidence, whether anonymously or otherwise, concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters without fear of reprisals in any form, and the provision of internal arrangements for the investigation of matters raised thereunder.

The Board was provided with written confirmation from the Chief Operating Officer and the Senior Vice President (Finance/Administration) that Management has evaluated the adequacy and effectiveness of the Group's material internal controls that address its financial, operational, compliance and IT controls and risk management systems and reported the same to the ARC. Confirmation was also given that there were no significant deficiencies in the design or operation of the internal controls which could adversely affect the Company's ability to record, process, summarise or report financial data, no fraud (material or non-material) involving Management or other employees who have a significant role in the Company's internal controls, and no significant changes in internal controls or other factors that could significantly affect internal controls, with corrective action having been taken to address any deficiencies and weaknesses.

The ARC reviewed the adequacy and effectiveness of the Group's material internal controls that address its financial, operational, compliance and IT controls and risk management systems, with the assistance of the internal and external auditors and Management, including the RMC, who provide half yearly reports during the year to the ARC in addition to the briefings and updates provided at the ARC meetings.

Based on the reports received and representations made, the Board concurs with the opinion of the ARC that, the system of internal controls in place is adequate and effective to address in all material respects the financial, operational, compliance and IT controls and risk management systems within the current scope of the Group's business operations in respect of FY 2013.

Principle 12: Audit Committee

Composition of ARC

The ARC comprises 3 NEDs, all of whom including the chairman of the ARC, are independent. 2 members including the ARC Chairman possess the relevant accounting or related financial management expertise and experience. During the year under review, the role of the ARC was expanded to include the oversight of the Company's risk management framework and processes.

With the current composition, the ARC believes that it has the relevant accounting or related financial management and risk management expertise and experience to discharge its functions within its written terms of reference which has been approved by the Board.

Powers and Duties of the ARC

The ARC is authorised by the Board to investigate any matters it deems appropriate within its terms of reference and has direct and unrestricted access to the external auditors, the internal auditors and Management. It may invite any Director, Management, officer or employee of the Company, the external auditors and internal auditors to attend its meetings. It is also authorised to engage any firm of accountants, lawyers or other professionals as it sees fit to provide independent counsel and advice to assist in the review or investigation on such matters within its terms of reference as it deems appropriate, at the Company's expense.

The principal responsibility of the ARC is to assist the Board in maintaining a high standard of corporate governance, particularly by providing an independent review of the effectiveness of the Group's financial reporting process and material internal controls, including financial, operational, compliance, IT, and risk management controls. Other duties within its written terms of reference include:

– to review with Management and, where appropriate, with the external auditors the quarterly and full year financial statements to be issued by the Group before their submission to the Board to ensure their completeness, consistency and accuracy;

– to review the integrity of the financial statements of the Group to be announced or reported and any other formal announcements relating to the Group's financial performance;

– to assess the role and effectiveness of the internal audit ("IA") function in the overall context of the Group's internal controls and risk management systems;

– to review and approve the annual audit plans of the external and internal auditors;

– to review, on an annual basis, the scope and results of the external audit and its cost-effectiveness and the independence and objectivity of the external auditors and also the nature and extent of any non-audit services provided by the external auditors to the Company;

– to review quarterly and/or annually, as applicable, with Management, the internal and external auditors, the results of their review on the Group's internal controls, including financial, operational, compliance and IT controls, and risk management policies and systems and report to the Board annually on the adequacy and effectiveness of such internal controls;

– to make recommendations to the Board on the nomination for the appointment, re-appointment and removal of external auditors, and to approve the remuneration and terms of engagement of the external auditors;

– to review interested person transactions falling within the scope of Chapter 9 of the Listing Manual;

– to review the Company's whistle-blowing policy and arrangements put in place for raising concerns about possible improprieties in matters of financial reporting or any other matters; and

– to provide oversight of the risk management framework designed, established and implemented by Management for the identification, assessment, management and monitoring of risks, with the objective of embedding risk management processes into existing management processes.

The ARC held 4 meetings during the year and carried out its duties as set out within its terms of reference. The Company Secretary maintains records of all ARC meetings including records of discussions on key deliberations and decisions taken. The ARC meets with the internal and external auditors, each separately without the presence of Management, annually.

For the financial year under review, the ARC implemented and conducted a self-assessment of its own effectiveness in the discharge of its roles and responsibilities.

Based on the self-assessment, the ARC is of the view that it has fulfilled its responsibilities and discharged its duties as set out in its terms of reference.

External Auditors

The ARC reviewed all aspects of the Company's relationship with Ernst & Young LLP ("EY"), including the nature and volume of all non-audit services provided by the firm during the year. As there were no non-audit services rendered by EY for FY 2013, the ARC is satisfied that EY is, and is perceived to be, independent. Please refer to note 24 of the Notes to the Financial Statements for details of the fees paid and/or payable by the Group to EY in respect of the audit services for FY 2013.

In reviewing the nomination of EY for re-appointment as the Company's Auditor for the financial year ending 31 December 2014, the ARC considered the adequacy of the resources, experience of EY. Consideration was also given to the audit engagement partner assigned to the audit, EY's other audit engagements, the size and complexity of the audit exercise for the Group, and the number and experience of the supervisory and professional staff assigned to the Group's audit.

EY has confirmed that they are registered with the Accounting and Corporate Regulatory Authority. The Company has complied with Rule 712 and Rule 715 (read with Rule 716) of the Listing Manual in relation to the appointment of the Group's auditors.

On the basis of the above, the ARC has recommended to the Board the nomination of EY for re-appointment as external auditor at the 2014 AGM.

The Company has appointed SJ Grant Thornton ("SJGT"), a member firm of Grant Thornton International Ltd. for the audit of its significant subsidiaries in Malaysia since 2005. When appointing SJGT as auditors, factors such as SJGT's standing, adequacy of resources and experience were considered.

Disclosure of Interested Person Transactions

The Company ensures that interested person transactions are undertaken on an arm's length basis, on normal commercial terms consistent with the Group's usual business practices and policies, and are not prejudicial to the interests of the Company and its minority shareholders and on terms which are generally no more favourable to the interested persons, as defined in Chapter 9 of the Listing Manual, than those extended to or received from unrelated third parties.

Particulars of interested person transactions required to be disclosed under Rule 907 of the Listing Manual are as follows:

Name of Interested Person	**Aggregate value of all interested person transactions in FY 2013 (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)** **($'000)**	**Aggregate value of all interested person transactions conducted in FY 2013 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)** **($'000)**
China Yuchai International Limited group of companies – Loan of $75 million from an interested person (the "Loan")	1,125[1]	Not applicable[3]
Millennium & Copthorne Hotels plc group of companies – Renewal of franchise arrangement with an interested person for the operation of Copthorne Hotel Qingdao under a franchise brand and also for participation in a hotel reservation system used by the franchisor	340[2]	
Hong Leong Investment Holdings Pte. Ltd. group of companies – Receipt of corporate and management services from an interested person	165	

Notes:

1 The amount at risk to the Company under the $75 million loan is the interest margin of 1.50% which the Company has agreed to pay over and above the prevailing 12-month Singapore inter-bank offer rate fixed by the Association of Banks in Singapore as at the date immediately preceding the date of the loan agreement.

2 Estimated amount of franchise fees based on the renewal of franchise arrangement for the period from 16 November 2013 to 15 November 2016 which fees are to be determined and payable in arrears.

3 The Company has not sought any shareholders' mandate for interested person transactions pursuant to Rule 920.

Having reviewed the above interested person transactions, the ARC was of the opinion that they were carried out on normal commercial terms and were not prejudicial to the interests of the Company and its minority shareholders.

Whistle-blowing Policy

HLGE has in place a whistle-blowing policy where staff of the Company or other persons can raise in confidence, whether anonymously or otherwise, concerns on possible improprieties relating to accounting, financial reporting, internal controls and auditing matters without fear of reprisals in any form. The ARC has the responsibility of overseeing this policy. Under these procedures, arrangements are in place for independent investigation of such matters raised and for appropriate follow up action to be taken.

Principle 13: Internal Audit

Reporting Line and Qualifications

The primary role of the IA is to assist the Board to evaluate the reliability, adequacy and effectiveness of the internal controls and risk management processes of the Group's hospitality operations, ensuring that the internal controls of such operations result in prompt and proper recording of transactions and safeguarding of assets. Given the size of the Group's operations, the IA function in respect of the Group's hospitality operations is currently undertaken by the IA department of Hong Leong Asia Ltd., a deemed substantial shareholder of the Company. Such function is performed within the framework stated in the IA plan approved by the ARC annually, which plan also incorporates the high priority risk areas identified in the risk management framework of the Company in relation to the Group's hospitality operations. Processes are in place such that recommendations raised in IA reports are dealt with in a timely manner with outstanding exceptions or recommendations being closely monitored and reported back to the ARC.

The ARC reviews the effectiveness and adequacy of the IA function through a review of the IA activities on a quarterly basis. It also reviews the IA fees, resources and the team's experience and qualifications including its ability to deliver the IA services objectively and according to the IA plan approved by the ARC. IA has unfettered access to the ARC, the Board and Management. The ARC meets IA at least once annually without the presence of Management and the Company Secretary.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

Principle 14: Shareholder Rights

Being committed to good corporate practices, the Company treats all shareholders fairly and equitably. To facilitate the exercise of shareholders' rights, the Company ensures that all material information relating to the Company and its financial performance is disclosed in an accurate and timely manner via SGXNET.

All shareholders are entitled to attend and vote at general meetings in person or by proxy. In accordance with the Articles of Association of the Company, shareholders may appoint not more than 2 proxies to attend and vote at general meetings in their absence. The proxy forms must be deposited with the Company at least forty-eight (48) hours before the time set for the general meetings. As it is logistically challenging to provide nominee or custodial services to appoint more than 2 proxies, the Company has decided not to implement the same for the time being. CPF investors of the Company's securities may nevertheless attend shareholders' meetings as observers provided they have submitted their requests to do so with their agent banks within a specified timeframe.

Principle 15: Communication with Shareholders

The Company ensures that shareholders are notified of all material information in an accurate and timely manner. The Company's quarterly and full year results are announced within the mandatory period. All shareholders of the Company receive the annual report of the Company and the notice of AGM, which notice is also advertised in the press and released via SGXNET. Given the current scope and size of the Group's operations, the Company does not think it is feasible to maintain a corporate website. Shareholders and investors who wish to contact the Company, may do so via the contact details provided in the Corporate Directory on page 1 of this AR.

Dividend Policy

The Group remains committed in its focus to strengthen its core capabilities and to explore growth opportunities with prudent management and a long-term view towards sustainability. Before proposing any dividends, the Board of Directors will consider a range of factors, including the Group's results of operations, long-term and short-term capital requirements, current balance sheet, future investment plans and general business conditions and other macro environment factors.

Facing challenging operating conditions amidst a highly competitive hospitality market coupled with uncertainties in the regional markets, the Group had registered net losses for a numbers of years, including a net loss of $6.2 million attributable to shareholders in respect of FY 2013. Accordingly, the Board of Directors had not recommended the declaration or payment of any dividend to shareholders in respect of FY 2013.

Principle 16: Conduct of Shareholder Meetings

At general meetings of the Company, shareholders are given the opportunity to communicate their views and encouraged to ask the Directors and Management questions regarding matters affecting the Company. The chairmen of all the Board Committees and the external auditors are present at general meetings to assist in addressing queries raised by the shareholders.

Shareholders are given the opportunity to vote in person or by proxy at general meetings. However, as the authentication of shareholder identity information and other related integrity issues still remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail or electronic means. Due to the generally low attendance of the shareholders at previous general meetings and with a view to cutting down on the costs involved in poll voting, the Company is not proposing to put all the resolutions to votes by poll.

The Company provides for separate resolutions at general meetings on each substantial issue, including treating the re-election or re-appointment of each Director as a separate subject matter. Detailed information on each item in the AGM agenda is provided in the explanatory notes to the notice of AGM in the AR. The Company also maintains minutes of AGM, which includes the key comments and queries raised by shareholders and the responses from the Board, Management and/or the external auditors.

27 March 2014

The directors present their report to the members together with the audited consolidated financial statements of HL Global Enterprises Limited (the "Company") and its subsidiaries (collectively, the "Group"), and the balance sheet of the Company for the financial year ended 31 December 2013.

Directors

The directors of the Company in office at the date of this report are:

Gan Khai Choon

Sherman Kwek Eik Tse

Philip Ting Sii Tien

Hoh Weng Ming

Michael Yeo Chee Wee

Martha Tan Hui Keng

Florence Tay Eng Neo

Loo Hwee Fang

Arrangements to enable directors to acquire shares or debentures

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

Directors' interests in shares or debentures

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options and/or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

According to the register of directors' shareholdings required to be kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the "Companies Act"), particulars of interest of directors who held office at the end of the financial year (including those of their spouses and infant children), in shares and/or share options of the Company or its related corporations, are as stated below:

	Holdings in which the director has a direct interest		Holdings in which the director is deemed to have an interest	
Name of director	**At 1 January 2013**	**At 31 December 2013**	**At 1 January 2013**	**At 31 December 2013**
The Company				
(ordinary shares)				
Florence Tay Eng Neo	27,140,923	27,140,923	11,299,814	11,299,814

The directors' interests in the ordinary shares of the Company as at 31 December 2013 remained unchanged as at 21 January 2014.

Directors' contractual benefits

Except for remuneration that is disclosed in note 30 to the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company and/or its related corporations with a director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Share options

(a) HL Global Enterprises Share Option Scheme 2006

The HL Global Enterprises Share Option Scheme 2006 (the "Share Option Scheme"), was approved by the shareholders at the Extraordinary General Meeting of the Company held on 29 September 2006. It is administered by a committee (the "Share Option Scheme Committee") comprising the following members:

Michael Yeo Chee Wee – Chairman

Martha Tan Hui Keng

Loo Hwee Fang

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

(i) Group Employees and Parent Group Employees (both as defined in the Share Option Scheme) which may be exercisable during an option exercise period commencing from the date that the option vests and expiring on the day preceding the tenth anniversary of its date of grant; and

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

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

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

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

Share options (continued)

(a) HL Global Enterprises Share Option Scheme 2006 (continued)

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares of the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

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

(b) HL Global Enterprises Share Option Scheme 2006 Trust

To facilitate the implementation of the Share Option Scheme, the Company had, on 13 January 2012, established a trust known as the HL Global Enterprises Share Option Scheme 2006 Trust (the "Trust") with Amicorp Trustees (Singapore) Limited as the trustee of the Trust (the "Trustee") pursuant to a trust deed dated 13 January 2012 entered into between the Company and the Trustee (the "Trust Deed").

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

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

Grace Star Services Ltd. ("Grace Star"), a controlling shareholder of the Company and a wholly-owned subsidiary of China Yuchai International Limited, which is in turn a subsidiary of Hong Leong Asia Ltd., had, on 13 January 2012, transferred 24,189,170 Series B redeemable convertible preference shares in the capital of the Company (the "Series B RCPS"), representing 100% of the remaining unconverted Series B RCPS, to the Trustee for a nominal consideration of $1.00 for the purpose of the Trust.

Pursuant to the Articles of Association of the Company, the 24,189,170 Series B RCPS held by the Trustee were mandatorily converted into 24,189,170 new Shares on 16 January 2012, and such Shares which rank pari passu in all respects with the Shares of the Company, were held by the Trustee as Trust Shares under the Trust.

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

Audit and Risk Committee

The Audit and Risk Committee ("ARC") comprises three independent non-executive members of the Board. The members of the ARC at the date of this report are as follows:

Michael Yeo Chee Wee – Chairman

Martha Tan Hui Keng

Loo Hwee Fang

The ARC has held four meetings since the date of the last directors' report and carried out the functions of an audit and risk committee under its terms of reference including those specified in the Companies Act.

In carrying out its functions, the ARC, *inter alia*, reviewed the overall scope of both internal and external audits and the assistance given by the Company's officers to the auditors. It met with the external auditor and internal auditor to discuss the results of their respective examinations and their evaluation of the Group's system of internal controls. The ARC also reviewed the consolidated financial statements and the financial statements of the Company for the financial year ended 31 December 2013 as well as the auditor's report thereon.

The ARC has recommended to the Board of Directors that the auditor, Ernst & Young LLP, be nominated for re-appointment as auditor at the forthcoming Annual General Meeting of the Company.

Auditor

In appointing the auditor of the Company and its subsidiaries, the Company has complied with Rules 712 and 715 (read with Rule 716) of the Listing Manual of Singapore Exchange Securities Trading Limited in relation to the auditor.

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor of the Company.

On behalf of the Board of Directors

Gan Khai Choon
Chairman

Philip Ting Sii Tien
Director

Singapore
27 March 2014

STATEMENT BY DIRECTORS

In the opinion of the directors:

(i) the financial statements set out on pages 34 to 112 are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(ii) at the date of this statement, on the basis that continuing financial support will be provided by the subsidiary of a deemed substantial shareholder of the Company, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Gan Khai Choon
Chairman

Philip Ting Sii Tien
Director

Singapore

27 March 2014

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 31 December 2013

Independent Auditor's Report to the Members of HL Global Enterprises Limited

Report on the Financial Statements

We have audited the accompanying financial statements of HL Global Enterprises Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 34 to 112, which comprise the balance sheets of the Group and the Company as at 31 December 2013, the consolidated statement of changes in equity and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Report on the Financial Statements (continued)

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date.

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.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
27 March 2014

BALANCE SHEETS

As at 31 December 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current assets					
Property, plant and equipment	4	**48,503**	48,219	**14**	6
Subsidiaries	5	**–**	–	**51,943**	65,928
Associates	6	**73**	77	**–**	–
Non-trade receivables	9	**963**	869	**41**	3,221
Deferred tax assets	10	**7**	–	**–**	–
		49,546	49,165	**51,998**	69,155
Current assets					
Inventories	11	**160**	176	**–**	–
Development properties	12	**7,695**	9,433	**–**	–
Trade and other receivables	9	**1,441**	1,355	**255**	61
Prepayment		**181**	193	**20**	19
Cash and bank balances	13	**30,766**	20,121	**8,972**	4,147
		40,243	31,278	**9,247**	4,227
Assets of disposal groups classified as held for sale	18	**–**	21,087	**–**	–
		40,243	52,365	**9,247**	4,227
Total assets		**89,789**	101,530	**61,245**	73,382

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

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Equity					
Share capital	14	**129,793**	129,793	**129,793**	129,793
Equity capital contributed by parent	14	**3,980**	3,980	**3,980**	3,980
Reserves	15	**(138,785)**	(133,817)	**(147,331)**	(153,270)
Reserve of disposal groups classified as held for sale	18	**–**	(5,613)	**–**	–
Total equity attributable to owners of the Company		**(5,012)**	(5,657)	**(13,558)**	(19,497)
Non-current liabilities					
Other payables	16	**–**	–	**2,368**	2,368
Financial liabilities	17	**17,766**	4,097	**–**	–
Deferred tax liabilities	10	**93**	93	**–**	–
		17,859	4,190	**2,368**	2,368
Current liabilities					
Trade and other payables	16	**4,479**	6,172	**4,423**	15,482
Financial liabilities	17	**72,147**	92,637	**68,000**	75,000
Current tax payable		**316**	417	**12**	29
		76,942	99,226	**72,435**	90,511
Liabilities directly associated with disposal groups classified as held for sale	18	**–**	3,771	**–**	–
		76,942	102,997	**72,435**	90,511
Total liabilities		**94,801**	107,187	**74,803**	92,879
Total equity and liabilities		**89,789**	101,530	**61,245**	73,382

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

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2013

	Note	Group 2013 $'000	Group 2012 $'000
Revenue	20	**18,226**	34,363
Cost of sales		**(8,964)**	(16,909)
Gross profit		**9,262**	17,454
Other income	21	**1,049**	872
Selling and marketing expenses		**(600)**	(1,021)
Administrative expenses		**(476)**	(692)
Finance costs	22	**(1,965)**	(4,242)
Other operating expenses		**(12,888)***	(14,299)
Share of results of associates (net of tax)	6	**(1)**	397
Loss before tax		**(5,619)**	(1,531)
Income tax	23	**(598)**	(1,035)
Loss for the year attributable to owners of the Company	24	**(6,217)**	(2,566)
Loss per share attributable to owners of the Company			
Basic and diluted loss per share (cents)	25	**(0.66)**	(0.27)

* Inclusive of loss on disposal of associate and joint venture of $4,048,000 (note 19).

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2013

	Group	
	2013	**2012**
	$'000	**$'000**
Loss for the year	**(6,217)**	(2,566)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	**1,865**	(1,694)
Realisation of foreign currency translation reserves upon disposal of foreign operations	**4,997**	–
Other comprehensive income/(loss) for the year, net of tax	**6,862**	(1,694)
Total comprehensive income/(loss) for the year attributable to owners of the Company	**645**	(4,260)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2013

Group	Share capital $'000	Equity capital contributed by parent $'000	Preference shares $'000	Special reserve $'000	Premium paid on acquisition of non-controlling interests $'000	Currency translation reserve $'000	Accumulated losses $'000	Reserve of disposal groups classified as held for sale $'000	Total equity attributable to owners of the Company $'000
At 1 January 2013	**129,790**	**3,980**	**3**	**8,529**	**(192)**	**673**	**(142,827)**	**(5,613)**	**(5,657)**
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(6,217)**	**–**	**(6,217)**
Other comprehensive income, net of tax									
Foreign currency translation differences for foreign operations	**–**	**–**	**–**	**–**	**–**	**1,249**	**–**	**616**	**1,865**
Realisation of foreign currency translation reserves upon disposal of foreign operations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,997**	**4,997**
Other comprehensive income for the year, net of tax	**–**	**–**	**–**	**–**	**–**	**1,249**	**–**	**5,613**	**6,862**
Total comprehensive income/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**1,249**	**(6,217)**	**5,613**	**645**
At 31 December 2013	**129,790**	**3,980**	**3**	**8,529**	**(192)**	**1,922**	**(149,044)**	**–**	**(5,012)**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2013

Group	Share capital $'000	Equity capital contributed by parent $'000	Preference shares $'000	Special reserve $'000	Premium paid on acquisition of non-controlling interests $'000	Currency translation reserve $'000	Accumulated losses $'000	Reserve of disposal groups classified as held for sale $'000	Total equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
At 1 January 2012	119,955	–	3	8,529	–	(3,246)	(140,261)	–	(15,020)	(192)	(15,212)
Loss for the year	–	–	–	–	–	–	(2,566)	–	(2,566)	–	(2,566)
Other comprehensive income, net of tax											
Foreign currency translation differences for foreign operations	–	–	–	–	–	(1,694)	–	–	(1,694)	–	(1,694)
Total comprehensive loss for the year	–	–	–	–	–	(1,694)	(2,566)	–	(4,260)	–	(4,260)
Contributions by owners											
Conversion of Series B redeemable convertible preference shares	–	3,980	–	–	–	–	–	–	3,980	–	3,980
Conversion of Series A redeemable convertible preference shares	9,835	–	–	–	–	–	–	–	9,835	–	9,835
Total contributions by owners	9,835	3,980	–	–	–	–	–	–	13,815	–	13,815
Changes in ownership interests in subsidiaries											
Acquisition of non-controlling interests	–	–	–	–	(192)	–	–	–	(192)	192	–
Total transactions with owners in their capacity as owners	9,835	3,980	–	–	(192)	–	–	–	13,623	192	13,815
Others											
Reserve attributable to disposal groups classified as held for sale	–	–	–	–	–	5,613	–	(5,613)	–	–	–
At 31 December 2012	129,790	3,980	3	8,529	(192)	673	(142,827)	(5,613)	(5,657)	–	(5,657)

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2013

	Group	
	2013	**2012**
	$'000	**$'000**
Cash flows from operating activities		
Loss before tax	**(5,619)**	(1,531)
Adjustments for:		
Allowances for anticipated losses on development properties written back	**–**	(28)
Amortisation of intangible asset	**–**	2
Bad debts written off	**29**	6
Depreciation of property, plant and equipment	**3,092**	6,764
Foreign exchange (gains)/losses – net	**(709)**	967
Gain on sale of intangible asset	**–**	(64)
Interest expense and other borrowing cost	**2,674**	3,275
Interest income	**(257)**	(426)
Loss on disposal of property, plant and equipment	**2**	9
Loss on disposal of associate and joint venture	**4,048**	–
Property, plant and equipment written off	**1**	2
Allowance for doubtful trade receivables	**30**	10
Share of results of associates, net of tax	**1**	(397)
Write-back of management fees	**–**	(185)
Write-back of trade and other payables	**(80)**	(48)
Operating cash flows before changes in working capital	**3,212**	8,356
Development properties	**1,439**	718
Inventories	**16**	22
Trade and other payables	**(1,567)**	(703)
Trade and other receivables	**(123)**	(237)
Cash generated from operating activities	**2,977**	8,156
Income tax paid	**(723)**	(791)
Interest paid	**(2,721)**	(3,475)
Interest received	**257**	426
Net cash (used in)/from operating activities	**(210)**	4,316

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

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2013

	Group	
	2013	**2012**
	$'000	**$'000**
Cash flows from investing activities		
Net cash inflow on disposal of associate and joint venture (note 19)	**9,348**	–
Net cash received from disposal of intangible asset	**–**	184
Proceeds from disposal of property, plant and equipment	**1**	40
Purchase of property, plant and equipment (note 4)	**(718)**	(765)
Net cash generated from/(used in) investing activities	**8,631**	(541)
Cash flows from financing activities		
Acquisition of non-controlling interests	**–**	(*)
Decrease in fixed deposits pledged	**–**	22
Payment of finance lease liabilities	**(10)**	(12)
Receipt from joint venture partners (non-trade)	**–**	965
Repayment of borrowings and other borrowing cost	**(7,608)**	(9,278)
Net cash used in financing activities	**(7,618)**	(8,303)
Net increase/(decrease) in cash and cash equivalents	**803**	(4,528)
Cash and cash equivalents at beginning of the year	**29,226**	34,364
Effect of exchange rate changes on balances held in foreign currencies	**737**	(610)
Cash and cash equivalents at end of the year (note 13)	**30,766**	29,226

* Less than $1,000

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

1. CORPORATE INFORMATION

HL Global Enterprises Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The registered office of the Company is located at 156 Cecil Street, #09-01 Far Eastern Bank Building, Singapore 069544.

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

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

The consolidated financial statements relate to the Company and its subsidiaries (collectively, the "Group") and the Group's interests in associates and jointly controlled entities.

2. FUNDAMENTAL ACCOUNTING CONCEPT

The financial statements have been prepared on a going concern basis, notwithstanding the consolidated net loss of $6.2 million (2012: $2.6 million) for the financial year ended 31 December 2013, and the Group's and the Company's net liabilities and the net current liabilities of $5.0 million and $13.6 million (2012: $5.7 million and $19.5 million) respectively and $36.7 million and $63.2 million (2012: $50.6 million and $86.3 million) respectively, as at 31 December 2013.

The directors of the Company are of the view that it is appropriate to prepare these financial statements on a going concern basis due to the following:

(i) As disclosed in note 31, Venture Lewis Limited, a wholly-owned subsidiary of a deemed substantial shareholder of the Company, has agreed to extend the $68 million unsecured loan for a further term of one year from 3 July 2014 to 2 July 2015; and

(ii) The Group will have sufficient cash flows to pay its debts as and when they fall due for the next 12 months.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

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

The financial statements are presented in Singapore Dollar ("SGD" or "$") and all values in the tables are rounded to the nearest thousand ("$'000") as indicated.

3.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual financial periods beginning on or after 1 January 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

Accordingly to the transition provisions of FRS 113 *Fair Value Measurement*, FRS 113 has been applied prospectively by the Group on 1 January 2013.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Standards issued but not yet effective

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

Description	*Effective for annual periods beginning on or after*
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to the transition guidance of FRS 110 *Consolidated Financial Statements,* FRS 111 *Joint Arrangements and* FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 110, FRS 112 and FRS 27 *Investment Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 36 *Recoverable Amount Disclosures for Non-financial Assets*	1 January 2014
Amendments to FRS 108 *Operating Segments*	1 July 2014
Amendment to FRS 24 *Related Party Disclosures*	1 July 2014

Except for FRS 111, Revised FRS 28 and FRS 112, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 111, Revised FRS 28 and FRS 112 are described below.

FRS 111 *Joint Arrangements* and Revised FRS 28 *Investments in Associates and Joint Ventures*

FRS 111 *Joint Arrangements* and Revised FRS 28 *Investments in Associates and Joint Ventures* are effective for financial periods beginning on or after 1 January 2014.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities of the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The Revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Group currently applies proportionate consolidation for its joint ventures. Upon adoption of FRS 111, the Group expects that the change to equity accounting for these joint ventures will result in decrease in total assets and total liabilities.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3 Standards issued but not yet effective (continued)

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 *Disclosure of Interests in Other Entities* is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.

3.4 Basis of consolidation and business combinations

(a) Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

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

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

– de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when controls is lost;

– de-recognises the carrying amount of any non-controlling interest;

– de-recognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss; and

– reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Basis of consolidation and business combinations (continued)

(a) Basis of consolidation (continued)

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

– acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

– losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

– upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying values of such investments as at 1 January 2010 have not been restated.

(b) Business combinations

Business combinations from 1 January 2010

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not re-measured until it is finally settled within equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.4 Basis of consolidation and business combinations (continued)

(b) Business combinations (continued)

Business combinations from 1 January 2010 (continued)

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

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

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

Business combinations prior to 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

3.6 Foreign currency

The financial statements are presented in SGD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the rates approximate the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in note 3.24. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

		Useful lives
Buildings and improvements on freehold land	–	50 years
Leasehold land, buildings and improvements	–	50 years or period of lease, whichever is shorter
Plant and machinery	–	3 to 20 years
Furniture, fittings and office equipment	–	3 to 20 years
Motor vehicles	–	$3^1/_3$ to 6 years
Linen, china, glassware and silverware, etc.	–	5 years

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.8 Intangible asset

Intangible asset acquired separately is measured initially at cost. Following initial acquisition, intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful life of intangible asset is assessed as finite.

Intangible asset with finite useful life is amortised over the estimated useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and is treated as change in accounting estimates. The amortisation expense on intangible asset with finite useful life is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gain or loss arising from de-recognition of an intangible asset is measured as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss when the asset is de-recognised.

Club membership

Club membership, which has been disposed of during the financial year ended 31 December 2012, was acquired separately and is amortised on a straight-line basis over its remaining useful life of 25 years.

3.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.9 Impairment of non-financial assets (continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years or the remaining contractual useful lives of the cash-generating units, whichever is shorter. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

3.10 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at costs less impairment losses.

3.11 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.11 Associates (continued)

The Group's share of the profit or loss of its associates is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

3.12 Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in the joint venture using the proportionate consolidation method. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on such transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity upon loss of joint control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

There is no financial asset designated as financial assets at fair value through profit or loss, held-to-maturity investments or available-for-sale assets.

Subsequent measurement

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.13 Financial instruments (continued)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

There is no financial liability designated as financial liabilities at fair value through profit or loss.

Subsequent measurement

Financial liabilities at amortised cost

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

De-recognition

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

(c) Offsetting of financial instruments

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.14 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost had been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

3.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and demand deposits.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.16 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Costs to complete development include cost of land and other direct and related development expenditure, including borrowing costs incurred in developing the properties. Net realisable value of development properties is the estimated selling price in the ordinary course of business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined by using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

3.18 Provisions

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.19 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

Convertible redeemable preference shares

Convertible redeemable preference shares are separated into liability and equity components based on the terms of the contract.

On issuance of the convertible redeemable preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption in accordance with the accounting policy set out in note 3.13(b).

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity. Transaction costs are deducted from equity, net of associated income tax. The carrying amount of the conversion option is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the convertible redeemable preference shares based on the allocation of proceeds to the liability and equity components when the instruments are initially recognised.

3.20 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations, including Singapore, China and Malaysia. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

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

(b) Employee leave entitlement

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.21 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

As lessee

Finance leases which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in note 3.23(d). Contingent rents are recognised as revenue in the period in which they are earned.

3.22 Non-current assets held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Property, plant and equipment and intangible asset once classified as held for sale are not depreciated or amortised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.23 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

(a) Rendering of services

Revenue from rendering services relates to project management contracts, and hotel room and restaurant operations. Revenue is recognised over the period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be performed.

(b) Sale of completed development properties

A development property is regarded as sold when the significant risks and rewards have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(d) Rental income

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

(e) Licence fee

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

3.24 Finance income and borrowing costs

Finance income comprises interest income and net foreign currency gains recognised in profit or loss. Interest income is recognised using the effective interest method.

Finance costs comprise interest expenses on borrowings and net foreign currency losses recognised in profit or loss. All borrowing costs are expensed in the period they occur, except to the extent that they are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.25 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

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

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

– where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

– where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

– in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.25 Taxes (continued)

(b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it incurred during the measurement period or in profit or loss.

(c) Sales tax

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

3.26 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in note 26, including the factors used to identify the reportable segments and the measurement basis of segment information.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.27 Consolidation of special purpose entity and treasury shares

To facilitate the implementation of the Share Option Scheme, the Company had, on 13 January 2012, established a trust known as the HL Global Enterprises Share Option Scheme 2006 Trust (the "Trust") with Amicorp Trustees (Singapore) Limited as the trustee of the Trust (the "Trustee") pursuant to a trust deed dated 13 January 2012 entered into between the Company and the Trustee (the "Trust Deed").

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

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

The Company will be entitled, from time to time, during the period commencing from the date of the Trust Deed and ending upon the termination of the Trust, to appoint a new trustee in substitution of the existing Trustee. The Company is entitled to the benefit of any remaining funds, investments or assets which are placed under the control of the Trustee upon termination of the Trust. Based on the foregoing provisions, the Company therefore consolidates the Trust as part of the Company in its separate and consolidated financial statements. The Trust Shares are accounted for as treasury shares as they are issued by the Company and held by the Trust, which is considered as part of the Company. However, the Trust Shares are not regarded as treasury shares pursuant to the Singapore Companies Act, Chapter 50 and the Trustee has the power, *inter alia*, to vote or abstain from voting in respect of the Trust Shares at any general meeting of the Company in its absolute discretion and to waive its right to receive dividends in respect of the Trust Shares as it deems fit.

The Group's own equity instruments, which are reacquired ("treasury shares") are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3.28 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

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

3.29 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

  (i) has control or joint control over the Company;

  (ii) has significant influence over the Company; or

  (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

  (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

  (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

  (iii) both entities are joint ventures of the same third party.

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.

  (v) the entity is controlled or jointly controlled by a person identified in (a).

  (vi) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $'000	Buildings and improvements on freehold land $'000	Leasehold land, buildings and improvements $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Linen, china, glassware and silverware, etc. $'000	Capital work-in-progress $'000	Total $'000
Cost									
At 1 January 2012	380	8,597	94,464	33,736	20,145	1,090	592	2,487	161,491
Additions	–	–	–	94	545	126	–	–	765
Disposals	–	–	(6)	(41)	(205)	(367)	–	–	(619)
Write-off	–	–	–	–	(8)	–	–	–	(8)
Reclassification to assets of disposal groups classified as held for sale (note 18)	–	–	(47,177)	(6,905)	(7,140)	(548)	–	–	(61,770)
Translation adjustments	(8)	(191)	(4,527)	(1,581)	(889)	(45)	(26)	(123)	(7,390)
At 31 December 2012 and 1 January 2013	372	8,406	42,754	25,303	12,448	256	566	2,364	92,469
Additions	**–**	**–**	**54**	**6**	**654**	**17**	**–**	**–**	**731**
Disposals	**–**	**–**	**–**	**–**	**(35)**	**–**	**–**	**–**	**(35)**
Write-off	**–**	**–**	**–**	**–**	**(18)**	**–**	**–**	**–**	**(18)**
Translation adjustments	**(13)**	**(296)**	**2,762**	**1,478**	**490**	**3**	**29**	**160**	**4,613**
At 31 December 2013	**359**	**8,110**	**45,570**	**26,787**	**13,539**	**276**	**595**	**2,524**	**97,760**

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land $'000	Buildings and improvements on freehold land $'000	Leasehold land, buildings and improvements $'000	Plant and machinery $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Linen, china, glassware and silverware, etc. $'000	Capital work-in-progress $'000	Total $'000
Accumulated depreciation and impairment loss									
At 1 January 2012	122	6,079	56,398	20,748	14,577	913	556	2,487	101,880
Depreciation for the year	–	169	4,025	1,400	1,116	43	11	–	6,764
Disposals	–	–	(6)	(68)	(166)	(330)	–	–	(570)
Write-off	–	–	–	–	(6)	–	–	–	(6)
Reclassification to assets of disposal groups classified as held for sale (note 18)	–	–	(45,788)	(6,478)	(6,635)	(393)	–	–	(59,294)
Translation adjustments	(2)	(65)	(2,647)	(976)	(648)	(39)	(24)	(123)	(4,524)
At 31 December 2012 and 1 January 2013	120	6,183	11,982	14,626	8,238	194	543	2,364	44,250
Depreciation for the year	**–**	**167**	**1,035**	**1,091**	**773**	**15**	**11**	**–**	**3,092**
Disposals	**–**	**–**	**–**	**–**	**(32)**	**–**	**–**	**–**	**(32)**
Write-off	**–**	**–**	**–**	**–**	**(17)**	**–**	**–**	**–**	**(17)**
Translation adjustments	**(4)**	**(107)**	**743**	**824**	**316**	**4**	**28**	**160**	**1,964**
At 31 December 2013	**116**	**6,243**	**13,760**	**16,541**	**9,278**	**213**	**582**	**2,524**	**49,257**
Net carrying amount									
At 31 December 2012	252	2,223	30,772	10,677	4,210	62	23	–	48,219
At 31 December 2013	**243**	**1,867**	**31,810**	**10,246**	**4,261**	**63**	**13**	**–**	**48,503**

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Cost			
At 1 January 2012, 31 December 2012 and 1 January 2013	69	5	74
Additions	**13**	**–**	**13**
Write-off	**(13)**	**–**	**(13)**
At 31 December 2013	**69**	**5**	**74**
Accumulated depreciation			
At 1 January 2012	57	5	62
Depreciation charge for the year	6	–	6
At 31 December 2012 and 1 January 2013	63	5	68
Depreciation charge for the year	**5**	**–**	**5**
Write-off	**(13)**	**–**	**(13)**
At 31 December 2013	**55**	**5**	**60**
Net carrying amount			
At 31 December 2012	6	–	6
At 31 December 2013	**14**	**–**	**14**

As at 31 December 2013, the Group's property, plant and equipment include:

(a) assets of joint ventures with a carrying amount of $26.5 million (2012: $26.8 million) that are mortgaged to secure bank facilities extended to the joint ventures (note 17); and

(b) assets with carrying amount of $37,000 (2012: $33,000) (note 17), held under finance leases. During the financial year, the Group acquired motor vehicles with an aggregate cost of $13,000 (2012: $nil) by means of finance leases and the cash outflows on acquisition of property, plant and equipment amounted to $718,000 (2012: $765,000). Leased assets are pledged as security for the related finance lease liabilities.

Source of estimation uncertainty

The costs of property, plant and equipment are depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be between 3 and 50 years. The Group reviews annually the estimated useful lives of property, plant and equipment based on factors that include asset utilisation, internal technical evaluation and technological changes. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in these factors. A reduction in the estimated useful lives of property, plant and equipment would increase depreciation expense and decrease non-current assets. A 3% difference in the expected useful lives of property, plant and equipment from management's estimates would result in approximately 2% (2012: 13%) variance in the Group's loss before tax.

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Source of estimation uncertainty (continued)

An impairment exist when the carrying value 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 Group estimates the recoverable amounts of its property, plant and equipment based on the fair value of the property, plant and equipment determined by a firm of independent professional valuers or the value in use of the property, plant and equipment determined by management. The fair value is based on market value, being the estimated amount for which an asset could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The value in use calculation uses cash flows projections based on the expected cash flows over the economic useful life of the asset, discounted at rates which reflect the specific risks relating to the asset. Based on management's assessment at the end of the reporting period, no impairment is being recognised for its property, plant and equipment. However, the recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the value in use arising from circumstances beyond control of the Group. With regard to the assessment of value in use of the asset, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying value of the asset materially exceed its recoverable amount.

5. SUBSIDIARIES

	Company	
	2013	**2012**
	$'000	**$'000**
Unquoted equity shares, at cost	**264,956**	276,956
Preference shares, at cost	**18,850**	29,000
Impairment loss	**(231,863)**	(240,028)
	51,943	65,928
Impairment loss		
At 1 January	**240,028**	241,513
Written off	**–**	(1,485)
Written back	**(8,165)**	–
At 31 December	**231,863**	240,028

During the financial year, a wholly-owned subsidiary of the Company, LKN Development Pte Ltd ("LKND") carried out a capital reduction exercise and effected a cancellation of 12 million ordinary shares in its capital and returning to the Company, its excess paid-up capital to the extent of $12,000,000. The said amount was used by the Company to partially offset against the outstanding amount due from the Company to LKND and an impairment loss of $6,000,000 was reversed accordingly.

In 2013, a wholly-owned subsidiary of the Company, LKN Investment International Pte Ltd ("LKNII") redeemed part of its 20 million convertible redeemable preference shares ("CRPS") to the extent of 7 million CRPS at a redemption price of $1.45 each. The proceeds from the said redemption which amounted to $10,150,000 were used to partially offset against the outstanding amount due from the Company to LKNII and an impairment loss of $2,165,000 was reversed accordingly.

There is no impairment loss being recognised in 2013 and 2012.

5. SUBSIDIARIES (continued)

Acquisition of non-controlling interests

On 6 January 2012, a wholly-owned subsidiary of the Company, LKN Development Pte Ltd, acquired an additional 48% of equity interest in Victory Heights Sdn Bhd ("Victory Heights") from its non-controlling interests for a cash consideration of approximately $1.00. Following the completion of this acquisition, Victory Heights becomes a wholly-owned subsidiary of the Company. Victory Heights was in equity deficit as at 6 January 2012 and the carrying value of the additional interest acquired was a negative value of $192,001. The difference of $192,000 between the consideration and the carrying value of the additional equity interest acquired has been recognised as "Premium paid on acquisition of non-controlling interests" within equity.

The following summarises the effect of the change in the Group's ownership interest in Victory Heights on the equity attributable to owners of the Company:

	Group 2012 $'000
Consideration paid for acquisition of non-controlling interests	*
Decrease in equity attributable to non-controlling interests	(192)
Decrease in equity attributable to owners of the Company	(192)

* Less than $1,000

Details of the subsidiaries are as follows:

Name of company	**Principal activities**	**Place of incorporation/ business**	**Group's effective equity interest 2013 %**	**2012 %**
Held by the Company:				
LKN Construction Pte Ltd [i]	Inactive	Singapore	**100**	100
LKN Development Pte Ltd [i]	Property development and investment, project and property management	Singapore/ Malaysia	**100**	100
LKN Investment International Pte Ltd [i]	Foreign investment holding	Singapore/ The People's Republic of China (the "PRC")	**100**	100
Equatorial Hotel Management Pte Ltd [i]	Hotel management and consultancy	Singapore/ The PRC	**100**	100

5. SUBSIDIARIES (continued)

Name of company	Principal activities	Place of incorporation/ business	Group's effective equity interest 2013 %	2012 %
Held by the Company (continued):				
Equality Hotel Management Sdn Bhd (ii)	Hotel management and consultancy	Malaysia	**100**	100
Landmark Technologies Pte Ltd	In the process of striking off	Singapore	**100**	100
Whitebox Computer Pte Ltd (v)	Dormant	Singapore	**100**	100
Held by LKN Construction Pte Ltd:				
MALKN Sdn Bhd	Under creditors' liquidation	Malaysia	**100**	100
LKN Construction Lanka (Private) Limited	Under creditors' liquidation	Sri Lanka	**75**	75
Held by LKN Development Pte Ltd:				
Mallink Development Pte Ltd	In the process of striking off	Singapore	**100**	100
Mallink Realty Pte Ltd (v)	Dormant	Singapore	**100**	100
Joo Chiat Holding Pte Ltd (i)	Dormant	Singapore	**100**	100
Sims Development Pte Ltd (v)	Dormant	Singapore	**100**	100
Augustland Sdn Bhd (ii)	Property investment and development	Malaysia	**100**	100
Nirwana Properties Sdn Bhd (ii)	Investment holding	Malaysia	**100**	100
Shanghai Yu Rong Hotel Equipment and Supplies Co., Ltd (iii)	Dormant	The PRC	**100**	100

5. SUBSIDIARIES (continued)

Name of company	Principal activities	Place of incorporation/ business	Group's effective equity interest 2013 %	2012 %
Held by LKN Development Pte Ltd (continued):				
Victory Heights Sdn Bhd (ii)	Property investment and development	Malaysia	**88***	88*
Held by LKN Investment International Pte Ltd:				
Shanghai Hutai Real Estate Development Co., Ltd (iv)	Owns and operates a serviced apartment building in Shanghai, the PRC	The PRC	**100**	100
Held by Nirwana Properties Sdn Bhd:				
Victory Heights Sdn Bhd (ii)	Property investment and development	Malaysia	**12***	12*

* The total effective equity interest held by the Group is 100% (2012: 100%) as 88% (2012: 88%) is held by LKN Development Pte Ltd and 12% (2012: 12%) is held by Nirwana Properties Sdn Bhd, a wholly-owned subsidiary.

(i) Audited by Ernst & Young LLP, Singapore.

(ii) Audited by SJ Grant Thornton, Kuala Lumpur, Malaysia.

(iii) Audited by Shanghai Zhong Hui Certified Public Accountants Co., Ltd., the PRC.

(iv) Audited by member firm of EY Global (for Group reporting purpose).

(v) Not required to be audited.

6. ASSOCIATES

	Group	
	2013	2012
	$'000	$'000
Unquoted equity shares, at cost	**490**	490
Share of post-acquisition accumulated losses	**(351)**	(350)
Translation adjustments	**(66)**	(63)
	73	77

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

	Group	
	2013	2012
	$'000	$'000
At 1 January	**(350)**	4,664
Share of results after tax	**(1)**	397
Reclassification to assets of disposal groups classified as held for sale (note 18)	**–**	(5,411)
At 31 December	**(351)**	(350)

Details of the associates are as follows:

Name of company	Principal activities	Place of incorporation/ business	Group's effective equity interest 2013 %	Group's effective equity interest 2012 %
Held through subsidiaries:				
Scientex Park (M) Sdn Bhd	Property investment and development	Malaysia	**–**	28
Sinjori Sdn Bhd [(i)]	Property investment and development	Malaysia	**28**	28

(i) Audited by SJ Grant Thornton, Kuala Lumpur, Malaysia.

The Group's investment in Scientex Park (M) Sdn Bhd was presented as part of the assets of disposal groups classified as held for sale as at 31 December 2012 (note 18) and was subsequently disposed of on 8 April 2013 (note 19).

6. ASSOCIATES (continued)

The summarised financial information for the associate, not adjusted for the percentage ownership held by the Group:

	Group 2013 $'000	Group 2012* $'000
Assets and liabilities		
Total assets	**400**	417
Total liabilities	**(142)**	(143)
Net assets	**258**	274
Results		
Revenue	**–**	–
Loss after taxation	**(3)**	(3)

* Excluding financial information of associate classified as held for sale.

There is no impairment loss being recognised in 2013 and 2012.

7. JOINT VENTURES

The Group has interests in the following joint ventures:

Name of company	Percentage of interest held 2013 %	Percentage of interest held 2012 %	Principal activities
Held through subsidiaries:			
Augustland Hotel Sdn Bhd (i)	**45**	45	Hotel development and operation
Copthorne Hotel Qingdao Co., Ltd (ii)	**60**	60	Owns and operates a hotel in Qingdao, the PRC
Shanghai Equatorial Hotel Management Co., Ltd (iii)	**49**	49	Hotel management and consultancy
Shanghai International Equatorial Hotel Company Ltd	**–**	50	Owns and operates a hotel and club in Shanghai, the PRC
HL Heritage Sdn Bhd (iv)	**50**	–	Property development and property investment holdings

7. JOINT VENTURES (continued)

(i) Audited by SJ Grant Thornton, Kuala Lumpur, Malaysia.

(ii) Audited by member firm of EY Global.

(iii) Audited by Baker Tilly China Certified Public Accountants, Shanghai, the PRC, for the financial year ended 31 December 2013.

(iv) HL Heritage Sdn Bhd ("HL Heritage") was incorporated on 12 June 2013 with an initial capital of RM2.00. The Group will increase its interest in HL Heritage to 60% pursuant to the joint venture agreement entered on 2 November 2012.

The Group's investment in Shanghai International Equatorial Hotel Company Ltd was presented as part of the disposal groups classified as held for sale as at 31 December 2012 (note 18) and was subsequently disposed of on 23 May 2013 (note 19).

The Group has included in its consolidated financial statements its share of assets employed and liabilities incurred by the joint ventures and its share of the results of the joint ventures using a line by line format of proportionate consolidation as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Balance sheet		
Non-current assets		
Property, plant and equipment	**26,593**	26,898
Current assets		
Inventories	**160**	176
Trade and other receivables	**624**	318
Cash and bank balances	**2,749**	3,265
Prepayment	**77**	62
Assets of disposal groups classified as held for sale	**–**	13,440
	3,610	17,261
Current liabilities		
Trade and other payables	**(2,016)**	(2,007)
Financial liabilities	**(4,147)**	(17,637)
Current tax payable	**(46)**	(17)
Liabilities directly associated with disposal groups classified as held for sale	**–**	(3,771)
	(6,209)	(23,432)
Non-current liabilities		
Financial liabilities	**(17,766)**	(4,097)
Other payables	**(826)**	(979)
	(18,592)	(5,076)
Net assets	**5,402**	15,651

7. JOINT VENTURES (continued)

	Group 2013 $'000	Group 2012 $'000
Income statement		
Revenue	**12,121**	27,483
Cost of sales	**(6,272)**	(14,531)
Gross profit	**5,849**	12,952
Other income	**57**	495
Selling and marketing expenses	**(499)**	(953)
Administrative expenses	**(55)**	(86)
Finance costs	**(952)**	(1,460)
Other operating expenses	**(4,414)**	(10,789)
(Loss)/profit before income tax	**(14)**	159
Income tax expense	**(64)**	(564)
Net loss for the year	**(78)**	(405)
Proportionate interest in joint venture's contingent liabilities	**2,682**	2,516
Proportionate interest in joint venture's capital commitment that are approved but not contracted for	**67**	393

According to Qingdao Municipal Government's regulation, all hotels in Qingdao, the People's Republic of China, are imposed for tourism development levy and hotel augmentation levy which are equivalent to 1% of total revenue and 3% of room revenue respectively. According to releases made by the Qingdao Local Taxation Bureau, the tourism development levy and the hotel augmentation levy were withdrawn effective from 1 January 2009 and 1 September 2010 respectively. As at 31 December 2013, the estimated tourism development levy and hotel augmentation levy payable by the Company's joint venture in Qingdao were $783,000 (2012: $735,000) and $1,899,000 (2012: $1,781,000) respectively. The joint venture, together with other hotel owners in Qingdao, is currently negotiating with the Qingdao Municipal Government to waive such levies. The joint venture is of the view that the authority is unlikely to collect such levies. The above levies have not been provided in the accounts.

8. INTANGIBLE ASSET

	Group 2012 $'000
Club membership	
Cost	
At 1 January	309
Addition	–
Disposal	(309)
At 31 December	–
Accumulated amortisation and impairment loss	
At 1 January	187
Amortisation	2
Disposal	(189)
At 31 December	–
Net carrying amount	
At 31 December	–

During the financial year ended 31 December 2012, the Group disposed of its club membership at a consideration of $195,000 and recorded a gain of $64,000 in the "Other income" in profit or loss, after deducting necessary cost to sell of $11,000.

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013 $'000	**2012 $'000**	**2013 $'000**	**2012 $'000**
Non-current				
Non-trade receivables				
– joint venture partners	**963**	869	**–**	–
– subsidiaries	**–**	–	**41**	3,221
	963	869	**41**	3,221
Current				
Trade receivables				
– joint venture partners	**419**	613	**–**	–
– third parties	**571**	455	**–**	–
Allowance for doubtful debts	**(39)**	(10)	**–**	–
	951	1,058	**–**	–

9. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Non-trade receivables				
– subsidiaries	**–**	–	**116**	–
– joint venture partners	**5**	–	**–**	–
– associate	**15**	13	**–**	–
– third parties	**247**	107	**78**	5
Tax recoverable	**17**	8	**6**	6
	284	128	**200**	11
Deposits	**206**	169	**55**	50
	1,441	1,355	**255**	61
Total trade and other receivables (current and non-current)	**2,404**	2,224	**296**	3,282
Less: Tax recoverable	**(17)**	(8)	**(6)**	(6)
Total trade and other receivables, excluding tax recoverable (note 27)	**2,387**	2,216	**290**	3,276
Add: Cash and bank balances (note 13)	**30,766**	20,121	**8,972**	4,147
Total loans and receivables	**33,153**	22,337	**9,262**	7,423

The non-current non-trade amounts due from joint venture partners and subsidiaries are unsecured, non-interest bearing and are to be settled in cash. These amounts are not expected to be repaid within the next 12 months.

The current trade amounts due from joint venture partners and non-trade amount due from joint venture partners and associate are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

The current trade and non-trade amounts due from third parties are unsecured, non-interest bearing and repayable upon demand.

Credit risk

Concentration of credit risk relating to trade receivables is limited due to the Group's many customers who are internationally dispersed. The Group's historical experience in the collection of trade receivables falls within the recorded allowances. Due to these factors, the Group believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

9. TRADE AND OTHER RECEIVABLES (continued)

Credit risk (continued)

The maximum exposure to credit risk for trade and other receivables by type of customer (excluding tax recoverable and deposits) at the end of the reporting period is as follows:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Corporate	**527**	322	**78**	–
Travel agents	**115**	91	**–**	–
Airlines	**63**	42	**–**	–
Credit cards	**39**	67	**–**	–
Joint venture partners	**1,387**	1,482	**–**	–
Subsidiaries	**–**	–	**157**	3,221
Associates	**15**	13	**–**	–
Others	**74**	40	**–**	5
	2,220	2,057	**235**	3,226

The Group and the Company have trade and other receivables (excluding tax recoverable and deposits) amounting to $2,181,000 (2012: $2,047,000) and $235,000 (2012: $49,000), respectively, that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	2013		2012	
	Gross receivables $'000	Allowance for doubtful debts $'000	Gross receivables $'000	Allowance for doubtful debts $'000
Group				
Not past due	**–**	**–**	–	–
Past due 0 to 30 days	**359**	**(10)**	624	–
Past due 31 to 120 days	**359**	**(19)**	270	–
Past due 121 days to one year	**259**	**(1)**	181	–
More than one year	**1,243**	**(9)**	982	(10)
	2,220	**(39)**	2,057	(10)
Company				
Not past due	**–**	**–**	3,177	–
Past due 0 to 30 days	**116**	**–**	5	–
Past due 31 to 120 days	**47**	**–**	–	–
Past due 121 days to one year	**31**	**–**	–	–
More than one year	**41**	**–**	44	–
	235	**–**	3,226	–

9. TRADE AND OTHER RECEIVABLES (continued)

Allowance for doubtful debts

Trade and other receivables that are impaired at the end of the reporting period and the movement of the allowance for doubtful debts are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables				
At 1 January	**10**	22	**–**	–
Charge for the year	**30**	10	**–**	–
Written off	**–**	(22)	**–**	–
Translation adjustment	**(1)**	–	**–**	–
At 31 December	**39**	10	**–**	–
Other receivables				
At 1 January	**–**	388	**–**	–
Written off	**–**	(388)	**–**	–
At 31 December	**–**	–	**–**	–
Amounts due from subsidiaries				
At 1 January	**–**	–	**–**	1,642
Written off	**–**	–	**–**	(1,642)
At 31 December	**–**	–	**–**	–

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

9. TRADE AND OTHER RECEIVABLES (continued)

Receivables subject to offsetting arrangements

The Group's receivables and payables that are offset are as follows:

Group	Gross carrying amounts $'000	Gross amounts offset in the balance sheet $'000	Net amounts in the balance sheet $'000
2013			
Non-current			
Non-trade receivables from joint venture partners	**1,335**	**(372)**	**963**
Non-trade payables to joint venture partners	**372**	**(372)**	**–**
Current			
Trade receivables from joint venture partners	**637**	**(218)**	**419**
Trade payables to joint venture partners	**218**	**(218)**	**–**
2012			
Non-current			
Non-trade receivables from joint venture partners	1,378	(509)	869
Non-trade payables to joint venture partners	509	(509)	–
Current			
Trade receivables from joint venture partners	847	(234)	613
Trade payables to joint venture partners	234	(234)	–

The Group maintains allowance for doubtful accounts at a level considered adequate to provide for potential uncollectible receivables. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the receivables. These factors include, but are not limited to, the length of the Group's relationship with the debtors, their payment behaviour and known market factors. The Group reviews the age and status of receivables, and identifies receivables which require allowance to be made on a continuous basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgement or utilised different estimates.

10. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The amounts determined after appropriate offsetting and movements during the financial year are as follows:

Group	At 1 January $'000	Recognised in profit or loss (note 23) $'000	Exchange differences $'000	Reclassification to assets of disposal groups classified as held for sale $'000	At 31 December $'000
2013					
Deferred tax assets					
Other deductible temporary differences	**–**	**7**	**–**	**–**	**7**
Deferred tax liabilities					
Unremitted earnings from overseas sourced income	**93**	**–**	**–**	**–**	**93**
2012					
Deferred tax assets					
Unutilised tax losses	170	(163)	(7)	–	–
Other deductible temporary differences	132	43	(7)	(168)	–
	302	(120)	(14)	(168)	–
Deferred tax liabilities					
Unremitted earnings from overseas sourced income	93	–	–	–	93

10. DEFERRED TAX (continued)

Unrecognised deferred tax assets

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

	Group	
	2013	**2012**
	$'000	**$'000**
Unutilised capital and investment tax allowances	**14,121**	14,842
Unutilised tax losses	**75,187**	75,069
	89,308	89,911

The use of the unutilised tax losses and unutilised capital and investment tax allowances are subject to agreement by the tax authorities and compliance with certain provisions of the tax regulations in the respective countries in which the tax losses and capital and investment tax allowances arose. The above temporary differences are available for offset against future taxable profits of the companies in which the temporary differences arose and do not expire under current tax legislation. Deferred tax assets are not recognised in respect of the above items in accordance with the Group's accounting policy as set out in note 3.25 due to uncertainty of its recoverability.

Unrecognised deferred tax liabilities

As at 31 December 2013, there was no recognised deferred tax liability (2012: $nil) for taxes that would be payable on the unremitted earnings of the Group's subsidiaries, associate or joint ventures as the Group has determined that undistributed profits of its subsidiaries or associate will not be distributed in the foreseeable future and the remittance of earnings of the Group's joint ventures requires consensus from all venture partners.

Source of estimation uncertainty

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provision is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile. If the Group was able to recognise all unrecognised deferred tax assets, profit would increase by $17,046,000 (2012: $17,213,000).

11. INVENTORIES

	Group 2013 $'000	Group 2012 $'000
Hotel supplies, at cost	**160**	176

12. DEVELOPMENT PROPERTIES

	Group 2013 $'000	Group 2012 $'000
Properties held for sale		
Freehold land at cost	**4,686**	4,844
Development costs	**19,982**	22,449
Overhead expenditure capitalised	**2,012**	2,398
	26,680	29,691
Allowance for anticipated losses	**(18,985)**	(20,258)
	7,695	9,433

There is no borrowing cost being capitalised in 2013 and 2012.

Movements in the allowance for anticipated losses are as follows:

	Group 2013 $'000	Group 2012 $'000
At 1 January	**20,258**	21,229
Written back	**–**	(28)
Utilised	**(563)**	(352)
Translation adjustment	**(710)**	(591)
At 31 December	**18,985**	20,258

During the financial year ended 31 December 2012, the Group made a write-back of allowance for impairment loss of $28,000 which was recognised in the "Other income" in profit or loss.

The Group also utilised $563,000 (2012: $352,000) being part of an allowance for anticipated losses made previously as the development properties were sold during the financial year.

12. DEVELOPMENT PROPERTIES (continued)

Details of the development properties are as follows:

Type of development	Location	Status of completion at 31.12.2013	Tenure/ Group's effective interest in property	Land area (m^2)	Gross floor area (m^2)
Resort development comprising – unsold 3 units (2012: 11 units) low-rise and 8 units (2012: 13 units) high-rise apartments	Lots 151pt, 152pt Mukim of Ulu Telom, District of Cameron Highlands, Malaysia	Phase I completed in 1997 Phase II completed in 1998	Freehold (100%)	*	1,451
– a commercial building			Freehold (100%)	5,641	6,375
Land	Lot 92	–	99-year lease expiring in January 2039 (100%)	936	–
Shops and offices	Geran No. 8631, Lot 981 Kawasan Bandar VII, Daerah Melaka Tengah, Malaysia	Work on the project has been suspended at the end of 1998	Freehold (100%)	4,229	41,740
2 plots of land	Plot MK21-U242W and Plot MK21-U243V, Punggol, Singapore	–	Freehold (100%)	675	–

* Total land area of development property (sold and unsold) is 35,891m^2.

12. DEVELOPMENT PROPERTIES (continued)

Source of estimation uncertainty

The Group estimates the recoverable amounts of the development properties based on valuations performed by Henry Butcher Malaysia, a firm of independent professional valuers. The fair value is based on market value, being the estimated amount for which an asset would be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. Based on management's assessment at the end of the reporting period, no impairment is being recognised for its development properties. However, the recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the value in use arising from circumstances beyond the control of the Group. With regard to the valuation of the development properties, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying value of the development properties to materially exceed its recoverable amount.

13. CASH AND BANK BALANCES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	**7,601**	5,477	**2,238**	1,141
Short-term bank deposits	**23,165**	14,644	**6,734**	3,006
Cash and bank balances	**30,766**	20,121	**8,972**	4,147

Cash and bank balances of the Group includes an amount of $3,583,000 (2012: $5,173,000), being held by certain overseas subsidiary and joint ventures, is subject to foreign currency remittance restrictions.

Short-term bank deposits are made for varying periods, depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates at the end of the reporting period for the Group and the Company are as follows:

	Group		Company	
	2013	**2012**	**2013**	**2012**
	%	**%**	**%**	**%**
Singapore Dollar	**0.876**	0.722	**0.973**	0.935
Chinese Renminbi	**2.850**	3.204	**–**	–
Malaysian Ringgit	**2.990**	2.928	**–**	–

13. CASH AND BANK BALANCES (continued)

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2013 $'000	2012 $'000
Cash and bank balances	**30,766**	20,121
Disposal groups classified as held for sale (note 18)	**–**	9,105
Cash and cash equivalents	**30,766**	29,226

14. SHARE CAPITAL

	Group and Company				
	Ordinary Shares		Preference Shares		
	No. of ordinary shares issued	Paid-up capital $'000	No. of NCCPS issued	Paid-up capital $'000	Total paid-up capital $'000
At 1 January 2012	924,795,988	119,955	158,394	3	119,958
Conversion of Series B RCPS	24,189,170	3,980	–	–	3,980
Conversion of Series A RCPS	14,202,139	9,835	–	–	9,835
Trust Shares	(24,189,170)	(3,980)	–	–	(3,980)
At 31 December 2012, 1 January 2013 and 31 December 2013	**938,998,127**	**129,790**	**158,394**	**3**	**129,793**

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets. The ordinary shares have no par value.

Non-redeemable convertible cumulative preference shares ("NCCPS")

The Company issued 197,141,190 NCCPS at an issue price of $0.02 each on 4 July 2006, expiring on the tenth anniversary of the NCCPS issue date, and 196,982,796 NCCPS have been converted into ordinary shares in the capital of the Company.

The NCCPS shall, subject to the terms and conditions thereof, carry the right to receive, out of the profits of the Company available for payment of dividends, a fixed cumulative preferential dividend of 10% per annum of the issue price for each NCCPS (the "Preference Dividend").

Other than the Preference Dividend, the NCCPS holders shall have no further right to participate in the profits or assets of the Company.

14. SHARE CAPITAL (continued)

Non-redeemable convertible cumulative preference shares ("NCCPS") (continued)

NCCPS holders shall have no voting rights except under certain circumstances referred to in the Singapore Companies Act, Chapter 50 set out in the terms of the NCCPS.

The NCCPS are not listed nor quoted on the Official List of SGX-ST. However, the holders of the NCCPS are able to exercise their rights to convert the NCCPS into new ordinary shares at a 1 for 1 ratio, subject to the terms and conditions of the NCCPS. Such new ordinary shares will be listed and quoted on the Official List of the SGX-ST when issued.

Equity capital contributed by parent

In connection with the establishment of the Trust, Grace Star, a controlling shareholder of the Company and a wholly-owned subsidiary of China Yuchai International Limited, which is in turn a subsidiary of Hong Leong Asia Ltd., had, on 13 January 2012, transferred 24,189,170 Series B RCPS, representing 100% of the remaining unconverted Series B RCPS, to the Trustee for a nominal consideration of $1.00 for the purpose of the Trust.

Pursuant to the Articles of Association of the Company, the 24,189,170 Series B RCPS held by the Trustee were mandatorily converted into 24,189,170 new ordinary shares in the capital of the Company on 16 January 2012, and the new ordinary shares which rank pari passu in all respects with the existing ordinary shares, were held by the Trustee as Trust Shares under the Trust.

As disclosed in note 3.27, the Trust Shares are accounted for as treasury shares as they are issued by the Company and held by the Trust, which is considered as part of the Company. The difference between the carrying amount of the Series B RCPS and the consideration paid is recognised as "Equity capital contributed by parent" within the equity.

Capital management

The Group defines "capital" to include funds raised through the issue of ordinary shares and NCCPS, as well as proceeds raised from debt facilities.

	Group	
	2013	**2012**
	$'000	**$'000**
Ordinary shares	**129,790**	129,790
NCCPS	**3**	3
Financial liabilities (note 17)	**89,913**	96,734
Total capital	**219,706**	226,527

The Group's primary objective in capital management is to maintain an appropriate capital base so as to maintain investor, creditor and market confidence, and to continue to maintain the future development and growth of the business. To maintain or adjust the capital structure, the Group may issue new shares.

There were no changes in the Group's approach to capital management during the financial year.

As disclosed in note 15, joint ventures of the Group is required by the PRC law to maintain a non-distributable statutory reserve fund whose utilisation is restricted.

14. SHARE CAPITAL (continued)

Share option

The Company has adopted a share option scheme known as HL Global Enterprises Share Option Scheme 2006 (the "Share Option Scheme") for granting of options to eligible directors and employees of the Group, holding companies and associated companies.

The Share Option Scheme is administered by a committee (the "Share Option Scheme Committee") comprising the following members:

Michael Yeo Chee Wee – Chairman
Martha Tan Hui Keng
Loo Hwee Fang

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

(i) Group Employees and Parent Group Employees (both as defined in the Share Option Scheme) which may be exercisable during an option exercise period commencing from the date that the option vests and expiring on the day preceding the tenth anniversary of its date of grant; and

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

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

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

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

15. RESERVES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Special reserve	**8,529**	8,529	**12,471**	12,471
Premium paid on acquisition of non-controlling interests	**(192)**	(192)	**–**	–
Currency translation reserve	**1,922**	673	**–**	–
Accumulated losses	**(149,044)**	(142,827)	**(159,802)**	(165,741)
	(138,785)	(133,817)	**(147,331)**	(153,270)

Special reserve

At an Extraordinary General Meeting of the Company on 10 September 1990, the shareholders approved a special resolution to cancel $12,471,000 of the sum standing to the credit of the Company's share premium account. This was approved by the Court on 12 October 1990. The amount of share premium cancelled was transferred to a special reserve account.

Premium paid on acquisition of non-controlling interests

The premium paid on acquisition of non-controlling interests represents difference between the consideration and the carrying value of the additional equity interest in a subsidiary acquired from its non-controlling interests.

Currency translation reserve

The currency translation reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

Accumulated losses

The accumulated losses of the Group include the retained earnings of Group entities established in the PRC. Under the PRC laws, the retained earnings of these Group entities include restricted amounts of $7,000 (2012: $1,385,000) which relates to appropriation of funds from the net profit of joint ventures, and an amount of $659,000 (2012: $618,000) that arose from a waiver of certain liabilities of a subsidiary in prior years, that cannot be used for profit appropriation.

16. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Non-current				
Amounts due to subsidiaries (non-trade)	**–**	–	**2,368**	2,368
Current				
Amounts due to				
– subsidiaries (non-trade)	**–**	–	**3,566**	14,585
– related companies (non-trade)	**81**	–	**81**	–
Trade payables	**1,109**	1,756	**1**	6
Other payables	**883**	1,339	**–**	68
Deposits from tenants	**940**	1,416	**–**	–
Accrued expenses	**944**	1,106	**379**	405
Accrued employee benefit	**64**	51	**50**	34
Accrued interest payable	**458**	504	**346**	384
	4,479	6,172	**4,423**	15,482
Total trade and other payables (non-current and current)	**4,479**	6,172	**6,791**	17,850
Less: Other tax payable	**(258)**	(421)	**–**	–
Less: Accrued payroll costs	**(807)**	(892)	**(338)**	(347)
Total trade and other payables, excluding other tax payable and accrued payroll costs (note 27)	**3,414**	4,859	**6,453**	17,503
Add: Financial liabilities (note 17)	**89,913**	96,734	**68,000**	75,000
Total financial liabilities carried at amortised cost	**93,327**	101,593	**74,453**	92,503

The non-current amounts due to subsidiaries are non-trade in nature, unsecured, non-interest bearing and are to be settled in cash. The settlement of the amounts is neither planned nor likely to occur in the foreseeable future. The current amounts due to subsidiaries, holding company and related companies are non-trade in nature, unsecured, non-interest bearing, repayable upon demand and are to be settled in cash.

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

17. FINANCIAL LIABILITIES

	Maturity	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current					
Secured RMB loan at 110% of PBOC# base lending rate	2015 – 2016	**10,983**	–	**–**	–
Secured USD loan at bank's cost of funds + 2.10%	2015 – 2016	**6,765**	–	**–**	–
Secured RM loan at bank's cost of funds + 2%	2014	**–**	4,082	**–**	–
Finance lease liabilities	2015 – 2018	**18**	15	**–**	–
		17,766	4,097	**–**	–
Current					
Secured RMB loan at 110% of PBOC# base lending rate	2014	**143**	10,525	**–**	–
Secured USD loan at bank's cost of funds + 2.10%	2014	**56**	6,653	**–**	–
Secured RM loan at bank's cost of funds + 2%	2014	**3,939**	450	**–**	–
Finance lease liabilities	2014	**9**	9	**–**	–
Unsecured 2.061% p.a. (2012: 2.084% p.a.) fixed rate SGD loan	2014	**68,000**	75,000	**68,000**	75,000
		72,147	92,637	**68,000**	75,000
Total financial liabilities		**89,913**	96,734	**68,000**	75,000

People's Bank of China

17. FINANCIAL LIABILITIES (continued)

Secured bank borrowings

The Group's secured bank borrowings relate to the Group's share of the joint ventures' secured bank borrowings. These borrowings are interest bearing with different repayment periods, the earliest of which is March 2014 and the latest falling due in November 2016. These facilities are secured on the joint ventures' freehold/leasehold land and building (note 4).

Unsecured loan

The Company issued $131,427,461 in principal amount of zero coupon unsecured non-convertible bonds due 2009 (the "Unsecured Bonds") in July 2006. The Unsecured Bonds were zero coupon bonds and did not bear any interest, except if on any date when the Unsecured Bonds or any of them become due to be redeemed or repaid. Unless previously redeemed or purchased and cancelled, the Company will redeem each Unsecured Bond at 119.405% of its outstanding principal amount (representing a gross redemption yield of 6% per annum on its principal amount compounded on a semi-annual basis) on the third anniversary of the date of issue of the Unsecured Bonds.

Pursuant to a loan agreement dated 18 February 2009 entered into between Venture Lewis Limited ("Venture Lewis") and the Company, Venture Lewis had agreed to defer the receipt of $93 million of the redemption monies payable to Venture Lewis upon the redemption of the Unsecured Bonds in July 2009 through the conversion of such outstanding sum into an unsecured loan for a term of one year from 3 July 2009 to 3 July 2010 (the "2009 Loan"). The 2009 Loan was subsequently extended as follows:

(i) in February 2010, the 2009 Loan was extended for a further one year term until 3 July 2011 (the "2010 Loan");

(ii) in January 2011, the 2010 Loan was extended for a further one year term until 3 July 2012 (the "2011 Loan"). In February 2011, the Company had made a partial repayment of $10 million and the outstanding principal amount of the 2011 Loan was reduced to $83 million;

(iii) in January 2012, the 2011 Loan was extended for a further one year term until 3 July 2013 (the "2012 Loan"). In April 2012, the Company had made a partial repayment of $8 million and the outstanding principal amount of the 2012 Loan was reduced to $75 million; and

(iv) in January 2013, the 2012 Loan was extended for a further one year term until 2 July 2014 (the "2013 Loan"). In July 2013, the Company had made a further partial repayment of $7 million and the outstanding principal amount of the 2013 Loan was reduced to $68 million.

As disclosed in note 31, on 19 February 2014, the $68 million loan has been extended for a further term of one year from 3 July 2014 to 2 July 2015.

17. FINANCIAL LIABILITIES (continued)

Finance lease liabilities

The Group has finance leases for motor vehicles. These leases do not have terms of renewal, purchase options and escalation clauses. The ownership of the leased items will be transferred to the Group at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Present value of payments $'000	Interest $'000	Minimum lease payments $'000
Group			
2013			
Not later than one year	**9**	**2**	**11**
Later than one year but not later than five years	**18**	**2**	**20**
	27	**4**	**31**
2012			
Not later than one year	9	2	11
Later than one year but not later than five years	15	2	17
	24	4	28

18. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

Sale of 28% of the issued ordinary shares in the capital of Scientex Park (M) Sdn Bhd ("Scientex Park Sale")

On 27 December 2012, the Group announced that its wholly-owned subsidiaries, LKN Development Pte Ltd ("LKND") and Nirwana Properties Sdn Bhd ("Nirwana"), had on the same day entered into the conditional share sale agreement dated 27 December 2012 (the "Scientex Park Sale Agreement") with Scientex Quatari Sdn Bhd ("Scientex Quatari"), pursuant to which LKND and Nirwana have agreed to sell, and Scientex Quatari has agreed to purchase, an aggregate of 6,300,000 issued and paid-up ordinary shares of par value RM1.00 each in the capital of Scientex Park (M) Sdn Bhd ("Scientex Park") held by LKND and Nirwana, representing 28% of the issued share capital of Scientex Park, for a total cash consideration of RM21,105,000 (equivalent to approximately $8.4 million), upon the terms and subject to the conditions of the Scientex Park Sale Agreement.

The investment in Scientex Park was previously reported in the Malaysia segment under geographical segment. As at 31 December 2012, the investment in Scientex Park had been presented in the balance sheet as "Assets of disposal groups classified as held for sale". The Scientex Park Sale was approved at the Extraordinary General Meeting ("EGM") which was held on 26 March 2013 and Scientex Park was subsequently disposed of on 8 April 2013 (note 19).

18. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE (continued)

Disposal of 50% of the equity interest in Shanghai International Equatorial Hotel Company Ltd ("SIEH Disposal")

On 28 December 2012, the Group announced that its wholly-owned subsidiary, LKN Investment International Pte Ltd, had on the same day entered into a share transfer agreement dated 28 December 2012 (the "Share Transfer Agreement") with Shanghai International Ventures & Consulting Corporation ("SIVCC") pursuant to which LKNII has agreed to transfer its equity interest in 50% of the registered capital of Shanghai International Equatorial Hotel Company Ltd ("SIEH") to SIVCC for a cash consideration of RMB40 million (equivalent to approximately $7.8 million) upon the terms and conditions of the Share Transfer Agreement.

As at 31 December 2012, the assets and liabilities related to SIEH had been presented in the balance sheet as "Assets of disposal groups classified as held for sale" and "Liabilities directly associated with disposal groups classified as held for sale". The SIEH Disposal was approved at the EGM which was held on 26 March 2013 and SIEH was subsequently disposed of on 23 May 2013 (note 19).

Balance sheet disclosures

The investment in Scientex Park and major classes of assets and liabilities of SIEH classified as held for sale and the related currency translation reserve as at 31 December 2012 are as follows:

	Group 2012 $'000
Assets	
Property, plant and equipment	2,476
Deferred tax asset	168
Associate	7,647
Inventories	287
Trade and other receivables	1,000
Prepayment	404
Cash and bank balances	9,105
Assets of disposal groups classified as held for sale	21,087
Liabilities	
Trade and other payables	(3,380)
Current tax payable	(391)
Liabilities directly associated with disposal groups classified as held for sale	(3,771)
Net assets of disposal groups classified as held for sale	17,316
Reserve	
Currency translation reserve	(5,613)

18. DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE (continued)

Balance sheet disclosures (continued)

The summarised financial information of Scientex Park, not adjusted for the percentage ownership held by the Group:

	Group 2012 $'000
Assets and liabilities	
Total assets	28,276
Total liabilities	(966)
Net assets	27,310
Results	
Revenue	8,518
Profit after taxation	1,420

19. DISPOSAL OF ASSOCIATE AND JOINT VENTURE

During the financial year, the Group disposed of a joint venture, SIEH, and an associate, Scientex Park, on 23 May 2013 and 8 April 2013, respectively, at their carrying values. The disposal considerations were fully settled in cash.

The value of assets and liabilities of SIEH and Scientex Park recorded in the consolidated financial statements as at 23 May 2013 and 8 April 2013, respectively, and the cash flow effect of the disposal were:

	Group 2013 $'000
Property, plant and equipment	**2,702**
Deferred tax asset	**177**
Associate	**7,745**
Inventories	**303**
Trade and other receivables	**1,028**
Prepayment	**427**
Cash and bank balances	**7,895**
	20,277
Trade and other payables	**(3,570)**
Current tax payable	**(413)**
Carrying value of net assets	**16,294**

19. DISPOSAL OF ASSOCIATE AND JOINT VENTURE (continued)

	Group 2013 $'000
Carrying value of net assets	**16,294**
Less: Loss on disposal of associate and joint venture (note 24)	**(4,048)**
Realisation of foreign currency translation reserves upon disposal of foreign operations	**4,997**
Total considerations – Inclusive of compensation of $0.5 million received from joint venture partner of SIEH in relation to capital expenditure incurred by SIEH (which resulted in a lower distributable profit shared by the Group) in view of the expiring of the joint venture agreement	**17,243**
Less: Cash and bank balances of the joint venture	**(7,895)**
Net cash inflow on disposal of associate and joint venture	**9,348**

20. REVENUE

	Group	
	2013 $'000	**2012 $'000**
Revenue from hospitality and restaurant	**16,763**	33,372
Revenue from development properties	**1,463**	991
	18,226	34,363

21. OTHER INCOME

	Group	
	2013 $'000	**2012 $'000**
Interest income	**257**	426
Sundry income	**46**	44
Allowances for anticipated losses on development properties written back	**–**	28
Write-back of management fees	**–**	185
Write-back of trade and other payables	**80**	48
Gain on sale of intangible asset	**–**	64
Licence fee	**207**	77
Forfeiture of tenant deposit	**459**	–
	1,049	872

22. FINANCE COSTS

	Group	
	2013	**2012**
	$'000	**$'000**
Interest expense and other borrowing cost:		
– bank borrowings	**1,178**	1,479
– unsecured loan	**1,494**	1,795
– finance lease liabilities	**2**	1
	2,674	3,275
Currency exchange (gains)/losses – net	**(709)**	967
	1,965	4,242

23. INCOME TAX

	Group	
	2013	**2012**
	$'000	**$'000**
Consolidated income statement		
Current income tax		
– current income taxation	**690**	1,034
– over provision in respect of previous years	**(85)**	(119)
	605	915
Deferred income tax		
– movements in temporary differences	**(7)**	120
Income tax expense recognised in profit or loss	**598**	1,035

Statement of comprehensive income

There is no deferred tax expense related to the items recognised directly in other comprehensive income during the year (2012: $nil).

23. INCOME TAX (continued)

Relationship between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2013 and 2012 is as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Loss before tax	**(5,619)**	(1,531)
Income tax using the Singapore tax rate of 17% (2012: 17%)	**(955)**	(260)
Non-deductible expenses	**1,611**	1,675
Income not subject to tax	**(172)**	(314)
Effect of different tax rates in foreign jurisdictions	**20**	148
Utilisation of tax losses and capital allowances previously not recognised	**(102)**	(333)
Deferred tax assets not recognised	**146**	36
Over provision in respect of previous years	**(85)**	(119)
Withholding tax expense	**135**	202
Income tax expense recognised in profit or loss	**598**	1,035

24. LOSS FOR THE YEAR, NET OF TAX

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

	Group	
	2013	**2012**
	$'000	**$'000**
Amortisation of intangible asset	**–**	2
Depreciation of property, plant and equipment	**3,092**	6,764
Employee benefits expense		
– directors' fees, salaries and bonuses	**3,977**	6,830
– employer's contribution to defined contribution plans	**770**	2,057
– other short-term benefits	**867**	1,203
Inventories recognised as an expense	**2,034**	4,953
Loss on disposal of property, plant and equipment	**2**	9
Operating lease expense	**242**	309
Property, plant and equipment written off	**1**	2
Allowance for doubtful trade receivables	**30**	10
Bad debts written off	**29**	6
Loss on disposal of associate and joint venture (note 19)	**4,048**	–
Audit fees:		
– auditor of the Company	**88**	78
– other auditors	**66**	88
Non-audit fees to other auditors	**33**	53

25. LOSS PER SHARE

Basic loss per share is calculated by dividing loss for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share is calculated by dividing loss for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. The non-redeemable convertible cumulative preference shares are considered anti-dilutive and disregarded in the computation of diluted loss per share.

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

	Group	
	2013	**2012**
	$'000	**$'000**
Loss for the year attributable to owners of the Company used in the computation of basic and diluted loss per share	**(6,217)**	(2,566)
	No. of shares '000	**No. of shares '000**
Issued ordinary shares at beginning of the year	**963,187**	924,796
Conversion of Series A redeemable convertible preference shares into new ordinary shares	**–**	10,555
Less: Trust Shares	**(24,189)**	–
Weighted average number of ordinary shares for basic and diluted loss per share computation*	**938,998**	935,351
Loss per share attributable to owners of the Company		
Basic and diluted loss per share (cents)	**(0.66)**	(0.27)

* During the financial year ended 31 December 2012, 24,189,170 Series B RCPS were mandatorily converted into new ordinary shares in the capital of the Company. These ordinary shares, held by the Trust, which is considered as part of the Company, were excluded for the loss per share computation as disclosed in note 3.27.

26. SEGMENT INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different services, and are managed separately because they require different operating and marketing strategies, and are subject to different risks and rewards. For each of the strategic business units, the Board of Directors review internal management reports at least on a quarterly basis.

The following summary describes the operations in each of the Group's reportable segments:

Investments and others	:	Investment holding and others
Hospitality and restaurant	:	Operating and management of hotels and restaurants. Shanghai International Equatorial Hotel Company Ltd within this segment was disposed of on 23 May 2013 (note 19)
Property development	:	Development of properties for sale and rental and property and development project management

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment results before interest income and expenses, exchange differences, share of results of associates and income tax, as included in the internal management reports that are reviewed by the Board of Directors. Segment results are used to measure performance as management believes that such information is the most relevant in evaluating the results of each segment.

Transfer prices between operating segment are determined on an arm's length basis in a manner similar to transactions with third parties.

26. SEGMENT INFORMATION (continued)

2013	Investments and others $'000	Hospitality and restaurant $'000	Property development $'000	Total $'000
Revenue				
– external revenue	–	16,763	1,463	18,226
– inter-segment revenue	–	–	26	26
	–	16,763	1,489	18,252
Elimination				(26)
				18,226
Reportable segment results	(1,090)	1,439	(1,003)	(654)
Loss on disposal of associate and joint venture	–	(3,525)	(523)	(4,048)
Other income (excluding interest income)	269	502	21	792
Interest income	28	127	102	257
Interest expense and other borrowing cost	(1,494)	(1,180)	–	(2,674)
Exchange gain/(loss)	113	843	(247)	709
Share of results of associate	–	–	(1)	(1)
Loss before tax	(2,174)	(1,794)	(1,651)	(5,619)
Income tax expense				(598)
Loss for the year				(6,217)
Other segment items				
Capital expenditure				
– property, plant and equipment	13	717	1	731
Depreciation	5	3,086	1	3,092
Reportable segment assets	9,505	57,011	23,200	89,716
Associate	–	–	73	73
Consolidated total assets	9,505	57,011	23,273	89,789
Consolidated total liabilities	68,871	25,308	622	94,801

26. SEGMENT INFORMATION (continued)

2012	Investments and others $'000	Hospitality and restaurant $'000	Property development $'000	Total $'000
Revenue				
– external revenue	–	33,372	991	34,363
– inter-segment revenue	–	–	33	33
	–	33,372	1,024	34,396
Elimination				(33)
				34,363
Reportable segment results	(1,268)	2,983	(273)	1,442
Other income (excluding interest income)	172	217	57	446
Interest income	6	335	85	426
Interest expense and other borrowing cost	(1,795)	(1,480)	–	(3,275)
Exchange loss	(208)	(462)	(297)	(967)
Share of results of associates	–	–	397	397
(Loss)/profit before tax	(3,093)	1,593	(31)	(1,531)
Income tax expense				(1,035)
Loss for the year				(2,566)
Other segment items				
Capital expenditure				
– property, plant and equipment	–	765	–	765
Depreciation	6	6,757	1	6,764
Reportable segment assets	4,895	57,599	17,872	80,366
Associates	–	–	77	77
Assets of disposal groups classified as held for sale	–	13,440	7,647	21,087
Consolidated total assets	4,895	71,039	25,596	101,530
Reportable segment liabilities	75,939	26,195	1,282	103,416
Liabilities directly associated with disposal groups classified as held for sale	–	3,771	–	3,771
Consolidated total liabilities	75,939	29,966	1,282	107,187

26. SEGMENT INFORMATION (continued)

Geographical information

The Group operates principally in Singapore, Malaysia and the PRC. In presenting information on the basis of geographical information, segment revenue is based on the geographical location of operations. Segment non-current assets (excluding non-trade receivables and deferred tax assets) are based on the geographical location of the assets.

	Revenue	
	2013	**2012**
	$'000	**$'000**
Singapore	**219**	376
Malaysia	**5,134**	5,370
The PRC	**12,873**	28,617
	18,226	34,363

	Non-current assets	
	2013	**2012**
	$'000	**$'000**
Singapore	**14**	6
Malaysia	**3,745**	11,632
The PRC	**44,817**	46,781
Assets of disposal groups classified as held for sale	**–**	(10,123)
	48,576	48,296

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Group's and the Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and the Company.

Risk management is carried out by the directors under policies approved by the Board of Directors. The Board of Directors provides guidance for overall risk management, as well as policies covering specific areas, such as foreign currency risk, interest rate risk, credit risk, and liquidity risk. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group operates internationally and is exposed to foreign currency risk arising from various currencies other than the respective functional currencies of the entities within the Group, primarily with respect to Chinese Renminbi, Malaysian Ringgit and US Dollar.

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

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

Group	Singapore Dollar $'000	US Dollar $'000	Chinese Renminbi $'000	Malaysian Ringgit $'000
2013				
Trade and other receivables	**–**	**549**	**7,432**	**1**
Cash and bank balances	**–**	**546**	**–**	**80**
Trade and other payables	**(6,062)**	**(3,561)**	**(279)**	**–**
Financial liabilities	**–**	**(6,881)**	**–**	**–**
	(6,062)	**(9,347)**	**7,153**	**81**
2012				
Trade and other receivables	–	3,830	7,909	1
Cash and bank balances	–	421	–	94
Trade and other payables	(7,654)	(6,758)	(262)	(10)
Financial liabilities	–	(6,653)	–	–
	(7,654)	(9,160)	7,647	85

Company	US Dollar $'000	Chinese Renminbi $'000
2013		
Trade and other receivables	**–**	**108**
Cash and bank balances	**20**	**–**
	20	**108**
2012		
Trade and other receivables	3,177	28
Cash and bank balances	84	–
	3,261	28

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the US Dollar, Chinese Renminbi and Malaysian Ringgit exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

A 10% (2012: 10%) strengthening of the functional currencies – Singapore Dollar, Chinese Renminbi and Malaysian Ringgit against the following currencies at the reporting date would (increase)/decrease the loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Impact against the following currencies					
	Group				Company	
Functional currencies	**Singapore Dollar $'000**	**US Dollar $'000**	**Chinese Renminbi $'000**	**Malaysian Ringgit $'000**	**US Dollar $'000**	**Chinese Renminbi $'000**
2013						
Singapore Dollar	**–**	**(88)**	**(715)**	**(8)**	**(2)**	**(11)**
Malaysian Ringgit	**587**	**311**	**–**	**–**	**–**	**–**
Chinese Renminbi	**19**	**712**	**–**	**–**	**–**	**–**
2012						
Singapore Dollar	–	(390)	(765)	(9)	(326)	(3)
Malaysian Ringgit	747	301	–	–	–	–
Chinese Renminbi	18	1,005	–	–	–	–

Judgements made in determination of functional currency

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

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and bank deposits. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group's significant interest-bearing assets and liabilities are at fixed rates. An increase of 100 basis points (2012: 100 basis points) in interest rate at the reporting date would decrease the Group's loss before tax by approximately $11,000 (2012: the Group's loss before tax would increase by approximately $71,000).

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposures to credit risk arises primarily from trade and other receivables. For cash and bank balances, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets. The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with or entered into with reputable financial institutions with high credit ratings and no history of default. Information regarding financial assets that are either past due or impaired is disclosed in note 9.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. Prudent liquidity risk management implies maintaining sufficient cash and bank balances, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available. The ability of the Group to manage its liquidity risk is dependent on the continuing financial support of the immediate holding company and the availability of bank borrowings.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	Carrying amount $'000	Cash flows: Contractual cash flows $'000	Cash flows: Within 1 year $'000	Cash flows: Within 2 to 5 years $'000	Cash flows: More than 5 years $'000
2013					
Financial assets					
Trade and other receivables, excluding tax recoverable (note 9)	2,387	2,387	1,424	963	–
Cash and bank balances (note 13)	30,766	30,766	30,766	–	–
Total undiscounted financial assets	33,153	33,153	32,190	963	–
Financial liabilities					
Variable interest rate loans	21,886	25,171	5,439	19,732	–
Fixed interest rate loans	68,000	68,703	68,703	–	–
Finance lease liabilities	27	31	11	20	–
Trade and other payables, excluding other tax payable and accrued payroll costs (note 16)	3,414	3,414	3,414	–	–
Total undiscounted financial liabilities	93,327	97,319	77,567	19,752	–
Total net undiscounted financial liabilities	(60,174)	(64,166)	(45,377)	(18,789)	–

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

		Cash flows			
Group	**Carrying amount $'000**	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 2 to 5 years $'000**	**More than 5 years $'000**
2012					
Financial assets					
Trade and other receivables, excluding tax recoverable (note 9)	2,216	2,216	1,347	869	–
Cash and bank balances (note 13)	20,121	20,121	20,121	–	–
Total undiscounted financial assets	22,337	22,337	21,468	869	–
Financial liabilities					
Variable interest rate loans	21,710	22,978	18,662	4,316	–
Fixed interest rate loans	75,000	75,788	75,788	–	–
Finance lease liabilities	24	28	11	17	–
Trade and other payables, excluding other tax payable and accrued payroll costs (note 16)	4,859	4,859	4,859	–	–
Total undiscounted financial liabilities	101,593	103,653	99,320	4,333	–
Total net undiscounted financial liabilities	(79,256)	(81,316)	(77,852)	(3,464)	–

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

		Cash flows			
Company	**Carrying amount $'000**	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 2 to 5 years $'000**	**More than 5 years $'000**
2013					
Financial assets					
Trade and other receivables, excluding tax recoverable (note 9)	290	290	249	41	–
Cash and bank balances (note 13)	8,972	8,972	8,972	–	–
Total undiscounted financial assets	9,262	9,262	9,221	41	–
Financial liabilities					
Fixed interest rate loans	68,000	68,703	68,703	–	–
Trade and other payables, excluding other tax payable and accrued payroll costs (note 16)	6,453	6,453	4,085	–	2,368
Total undiscounted financial liabilities	74,453	75,156	72,788	–	2,368
Total net undiscounted financial liabilities	(65,191)	(65,894)	(63,567)	41	(2,368)

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities (continued)

		Cash flows			
Company	**Carrying amount $'000**	**Contractual cash flows $'000**	**Within 1 year $'000**	**Within 2 to 5 years $'000**	**More than 5 years $'000**
2012					
Financial assets					
Trade and other receivables, excluding tax recoverable (note 9)	3,276	3,276	55	3,221	–
Cash and bank balances (note 13)	4,147	4,147	4,147	–	–
Total undiscounted financial assets	7,423	7,423	4,202	3,221	–
Financial liabilities					
Fixed interest rate loans	75,000	75,788	75,788	–	–
Trade and other payables, excluding other tax payable and accrued payroll costs (note 16)	17,503	17,503	15,135	–	2,368
Total undiscounted financial liabilities	92,503	93,291	90,923	–	2,368
Total net undiscounted financial liabilities	(85,080)	(85,868)	(86,721)	3,221	(2,368)

28. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value hierarchy

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assets and liabilities measured at fair value

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

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

Non-current non-trade receivables from joint venture partners and subsidiaries (note 9) and Non-current non-trade amounts due to subsidiaries (note 16)

Non-current non-trade receivables from joint venture partners and subsidiaries and non-current non-trade amounts due to subsidiaries have no repayment terms and are not expected to be repaid within the next 12 months. As the timing of the future cash flows arising from these amounts cannot be estimated reliably, the fair values of these amounts cannot be reliably measured.

29. COMMITMENTS

As at 31 December 2013, the Group has commitment of $381,000 (2012: $nil) relating to the Group's interest in joint ventures. The Group's share of joint venture's capital commitment is disclosed in note 7.

Operating lease commitment – as lessee

The Group leases office buildings and premises under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

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

	Group	
	2013	**2012**
	$'000	**$'000**
Not later than one year		
– with a related company	**13**	19
– with third parties	**286**	233
Later than one year but not later than five years		
– with a related company	**9**	4
– with third parties	**72**	182
	380	438

Operating lease commitment – as lessor

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

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

	Group	
	2013	**2012**
	$'000	**$'000**
Not later than one year		
– with a joint venture	**26**	24
– with third parties	**61**	14
Later than one year but not later than five years		
– with a joint venture	**17**	3
– with third parties	**25**	11
	129	52

30. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

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

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

	Group	
	2013	**2012**
	$'000	**$'000**
Short-term employee benefits	**799**	815
Employer's contribution to defined contribution plans	**26**	22
	825	837

Sales and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group	
	2013	**2012**
	$'000	**$'000**
Hotel management fees from joint ventures	**298**	1,171*
Licence fees from a joint venture	**10**	40
Rental income from a joint venture	**31**	41
Administrative fees from joint ventures	**18**	141
Rental paid/payable to related companies	**(21)**	(21)
Secretarial fees paid/payable to a related company	**(147)**	(216)
General and administrative expenses paid/payable to related companies	**(75)**	(27)
Franchise and sales and marketing fees paid/payable to a related company	**(110)**	(124)
Interest expense on unsecured loan paid/payable to a related company	**(1,494)**	(1,795)
Administrative overhead recharged to a related company	**60**	60

* Inclusive of prior years' hotel management fees as the revenue recognition criteria was not met previously.

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

31. EVENTS OCCURRING AFTER THE REPORTING PERIOD

Joint venture with Shanghai Hengshan (Group) Corporation (China)

Shanghai Hengshan Equatorial Hotel Management Co., Ltd ("SHEHM") was incorporated on 10 January 2014 in the People's Republic of China with a registered capital of RMB3,500,000. SHEHM is a joint venture company with 49% shareholding interest held by Equatorial Hotel Management Pte Ltd ("EHM"), a wholly-owned subsidiary of the Company, and the remaining 51% shareholding interest held by Shanghai Hengshan (Group) Corporation (China) ("Shanghai Hengshan"). The principal activities of SHEHM are those relating to hotel and property management. EHM together with Shanghai Hengshan have joint control over SHEHM.

Unsecured loan of $68 million

The unsecured loan of $68 million owing to Venture Lewis Limited will be due on 2 July 2014. On 19 February 2014, Venture Lewis Limited agreed to extend the grant of this loan for a further term of one year from 3 July 2014 to 2 July 2015 (the "2014 Loan"), upon the terms and conditions of the loan agreement dated 19 February 2014. With the exception of a reduction in the interest rate, the principal terms of the 2014 Loan are substantially similar to those of the 2013 Loan. The 2014 Loan carries interest at the rate of 1.844% per annum, being the aggregate of the margin of 1.25% per annum and the SIBOR rate of 0.594% per annum, and is renewable by mutual agreement on an annual basis.

32. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the directors on 27 March 2014.

ANALYSIS OF SHAREHOLDINGS

As at 11 March 2014

Class of Shares	:	Ordinary Shares (“Shares”)
Number of Ordinary Shares in issue	:	963,187,297
Number of Ordinary Shareholders	:	5,688
Voting Rights	:	One vote per ordinary share

There are no treasury shares held in the issued share capital of the Company.

Range of Shareholdings	No. of Shareholders	%	No. of Shares Held	%
1 – 999	184	3.24	63,784	0.01
1,000 – 10,000	2,889	50.79	14,714,770	1.53
10,001 – 1,000,000	2,588	45.50	192,969,586	20.03
1,000,001 and above	27	0.47	755,439,157	78.43
	5,688	100.00	963,187,297	100.00

Based on information available to the Company as at 11 March 2014, approximately 34.63% of the total number of issued Shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

Major Shareholders List – Top 20 as at 11 March 2014

No.	Name	No. of Shares Held	%*
1.	Grace Star Services Ltd.	471,077,071	48.91
2.	DBS Nominees (Private) Limited	130,239,432	13.52
3.	Citibank Nominees Singapore Pte Ltd	44,098,737	4.58
4.	Amicorp Trustees (Singapore) Limited	24,189,170	2.51
5.	Leong Heng Keng	11,359,295	1.18
6.	Ding Ping Too @ Ting Sik Chan	10,519,000	1.09
7.	Leong Sin Kuen	10,173,296	1.06
8.	United Overseas Bank Nominees (Private) Limited	9,842,210	1.02
9.	HSBC (Singapore) Nominees Pte Ltd	7,552,666	0.78
10.	Teoh Cheng Chuan	4,510,000	0.47
11.	OCBC Nominees Singapore Private Limited	4,467,020	0.46
12.	Leung Kai Fook Medical Co Pte Ltd	3,779,000	0.39
13.	Maybank Kim Eng Securities Pte. Ltd.	2,672,998	0.28
14.	Lim & Tan Securities Pte Ltd	2,520,000	0.26
15.	Ng Chong Kee	2,000,000	0.21
16.	Low Kang Hai, Richard	1,991,000	0.21
17.	Teo Hong Chuan	1,711,000	0.18
18.	Ho See See	1,600,000	0.17
19.	Tan Kong Giap	1,539,000	0.16
20.	Kwee Hui Ling Karen	1,521,000	0.16
		747,361,895	77.60

* The percentage of Shares held is based on the total number of issued Shares of the Company as at 11 March 2014.

ANALYSIS OF SHAREHOLDINGS

As at 11 March 2014

Substantial Shareholders as at 11 March 2014

Name	Direct Interest No. of Shares	Deemed Interest No. of Shares	Total Interest No. of Shares	%[1]
Grace Star Services Ltd.	471,077,071	–	471,077,071	48.91
Constellation Star Holdings Limited	–	471,077,072[2]	471,077,072	48.91
China Yuchai International Limited	–	471,077,072[2]	471,077,072	48.91
HL Technology Systems Pte Ltd	–	471,077,072[2]	471,077,072	48.91
Hong Leong (China) Limited	–	471,077,072[2]	471,077,072	48.91
Hong Leong Asia Ltd.	–	471,077,072[2]	471,077,072	48.91
Hong Leong Corporation Holdings Pte Ltd	–	471,077,072[2]	471,077,072	48.91
Hong Leong Enterprises Pte. Ltd.	–	471,077,072[2]	471,077,072	48.91
Hong Leong Investment Holdings Pte. Ltd.	–	471,077,072[2]	471,077,072	48.91
Davos Investment Holdings Private Limited	–	471,077,072[2]	471,077,072	48.91
Kwek Holdings Pte Ltd	–	471,077,072[2]	471,077,072	48.91
DBS Bank Ltd.	115,454,252[3]	–	115,454,252	11.99
DBS Group Holdings Ltd	–	115,454,252[4]	115,454,252	11.99
Temasek Holdings (Private) Limited	–	115,454,252[5]	115,454,252	11.99

Notes:

(1) The percentage of Shares held is based on 963,187,297 issued Shares as at 11 March 2014.

(2) Each of these companies is deemed under Section 7 of the Companies Act, Chapter 50 (the "Act") to have an interest in the 471,077,071 Shares held directly by Grace Star Services Ltd. ("Grace Star") and one(1) Share held by Venture Delta Limited ("Venture Delta"), by reason of each of these companies being entitled, directly or indirectly, to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in Grace Star and Venture Delta.

(3) The interest of DBS Bank Ltd ("DBSB") is based on its last notification to the Company on 9 April 2012.

(4) DBS Group Holdings Ltd ("DBSGH") is deemed under Section 7 of the Act to have an interest in the 115,454,252 Shares held directly by DBSB based on DBSGH's last notification to the Company on 9 April 2012.

(5) Temasek Holdings (Private) Limited ("Temasek") is deemed under Section 7 of the Act to have an interest in the 115,454,252 Shares in which DBSGH has a deemed interest based on Temasek's last notification to the Company on 10 April 2012.

ANALYSIS OF SHAREHOLDINGS

As at 11 March 2014

Class of Shares	:	Non-Redeemable Convertible Cumulative Preference Shares ("NCCPS")
Number of NCCPS in issue	:	158,394
Number of NCCPS Holders	:	29
Voting Rights	:	The holders of NCCPS shall not be entitled to attend and vote at general meetings of the Company. They shall be entitled to attend and vote at class meetings of the holders of the NCCPS. Every holder of a NCCPS shall be entitled to one vote per NCCPS.

Range of Holdings	No. of NCCPS Holders	%	No. of NCCPS Held	%
1 – 999	5	17.24	2,898	1.83
1,000 – 10,000	18	62.07	58,896	37.18
10,001 – 1,000,000	6	20.69	96,600	60.99
1,000,001 and above	–	–	–	–
	29	100.00	158,394	100.00

Major NCCPS Holders List – Top 20 as at 11 March 2014

No.	Name	No. of NCCPS Held	%*
1.	Chan Yi Ping (Chen YiPing)	21,000	13.26
2.	Ma Siew Wai	21,000	13.26
3.	Lum Yim Fung	15,999	10.10
4.	Wah Geok Sum	15,000	9.47
5.	Abdul Latiff Bin Shihabudeen	12,000	7.58
6.	United Overseas Bank Nominees (Private) Limited	11,601	7.32
7.	Tey Peng Kee	9,000	5.68
8.	Tan Sok Tiang	6,000	3.79
9.	Teo Guat Khim	6,000	3.79
10.	Yee Kit Hong	6,000	3.79
11.	Giam Li Chin	3,900	2.46
12.	Kwek Puay Swan	3,198	2.02
13.	Kiong Boon Tat	3,000	1.89
14.	Tan Yok Kua	3,000	1.89
15.	Teo Phu Puay	3,000	1.89
16.	Teo Sok Joo @ Teo Chiang Chin	3,000	1.89
17.	Tan Hiang Lee	1,998	1.26
18.	DBS Nominees (Private) Limited	1,800	1.14
19.	Lau Ee Peng	1,800	1.14
20.	Chee Chin Why	1,800	1.14
		150,096	94.76

* The percentage of NCCPS held is based on the total number of issued NCCPS of the Company as at 11 March 2014.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-First Annual General Meeting (the "Meeting") of HL GLOBAL ENTERPRISES LIMITED (the "Company") will be held at Grand Copthorne Waterfront Hotel, Riverfront 1&2, Level 2, 392 Havelock Road, Singapore 169663, on Wednesday, 30 April 2014 at 11.00 a.m. for the following purposes:

A. Ordinary Business:

1. To receive and adopt the Directors' Report and Audited Financial Statements for the year ended 31 December ("FY") 2013 and the Auditors' Report thereon.

2. To approve Directors' Fees (including fees payable to the members of the Audit and Risk Committee, Nominating Committee and Remuneration Committee) of $235,000 for FY 2013 (FY 2012: $241,346).

3. To re-elect the following Directors retiring by rotation in accordance with the Articles of Association of the Company and who, being eligible, offer themselves for re-election:

   (a) Mr Hoh Weng Ming
   (b) Ms Loo Hwee Fang

4. To re-appoint Mr Michael Yeo Chee Wee as a Director of the Company pursuant to Section 153(6) of the Companies Act, Chapter 50, to hold office from the date of the Meeting until the next Annual General Meeting ("AGM").

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

B. Special Business:

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

6. That authority be and is hereby given to the Directors to:

   (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and

   (b) (notwithstanding the authority conferred by this Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Ordinary Resolution was in force, provided that:

(1) the aggregate number of shares to be issued pursuant to this Ordinary Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument), does not exceed 50% of the total number of issued shares, excluding treasury shares, if any, in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution but excluding shares which may be issued pursuant to any adjustments effected under any relevant Instrument) does not exceed 20% of the total number of issued shares, excluding treasury shares, if any, in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such manner of calculation as may be prescribed by the Singapore Exchange Securities Trading Limited ("SGX-ST")) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares, excluding treasury shares, in the capital of the Company shall be based on the total number of issued shares, excluding treasury shares, if any, in the capital of the Company at the time this Ordinary Resolution is passed, after adjusting for:

   (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Ordinary Resolution is passed; and

   (ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in General Meeting) the authority conferred by this Ordinary Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier.

7. That approval be and is hereby given to the Directors to offer and grant options in accordance with the provisions of the HL Global Enterprises Share Option Scheme 2006 (the "SOS") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options granted under the SOS provided that the aggregate number of shares to be issued pursuant to the SOS shall not exceed 15% of the total number of issued shares, excluding treasury shares, if any, in the capital of the Company from time to time, and provided further that the aggregate number of shares to be issued during the entire operation of the SOS (subject to adjustments, if any, made under the SOS) shall not exceed such limits or (as the case may be) sub-limits as may be prescribed in the SOS.

C. To Transact Any Other Ordinary Business

BY ORDER OF THE BOARD

Aw Siew Yen, Patricia
Yeo Swee Gim, Joanne
Company Secretaries

Singapore
10 April 2014

Explanatory Notes:

1. Mr Sherman Kwek Eik Tse, who is retiring at the Meeting pursuant to Article 113 of the Company's Articles of Association, has notified the Company that he will not be seeking re-election as a Director of the Company at the Meeting. Consequent thereto, Mr Kwek will also cease to act as a member of the Executive Committee, following the conclusion of the Meeting.

2. Key information on Mr Hoh Weng Ming, who is seeking re-election as a Director of the Company under item 3(a) above (under the heading "Ordinary Business"), is found on page 7 of the Annual Report. Mr Hoh does not hold any share interest in the Company or any of its related corporations. He is the President and a Director of China Yuchai International Limited, a Director of HL Technology Systems Pte Ltd and Hong Leong (China) Limited, each of which hold more than 10% deemed interest in the Company. Mr Hoh is considered a non-executive non-independent Director.

3. With reference to item 3(b) above (under the heading "Ordinary Business"), Ms Loo Hwee Fang will, upon re-election as a Director of the Company, remain as a member of the Nominating Committee ("NC"), the Audit and Risk Committee ("ARC"), Remuneration Committee ("RC") and SOS Committee ("SOSC"). Ms Loo is considered an independent Director.

   Key information on Ms Loo is found on page 7 of the Annual Report. Ms Loo has no shareholdings in the Company or any of its related corporations, and has no relationships with the Company, its 10% shareholders or its Directors.

4. With reference to item 4 above (under the heading "Ordinary Business"), Mr Michael Yeo Chee Wee will, upon re-appointment as a Director of the Company, remain as Lead Independent Director, Chairman of the ARC, RC and SOSC, and as a member of the NC. Mr Yeo is considered an independent Director.

   Key information on Mr Michael Yeo Chee Wee is found on page 6 of the Annual Report. Mr Yeo has no shareholdings in the Company or any of its related corporations, and has no relationships with the Company, its 10% shareholders or its Directors.

5. The ordinary resolution set out in item 6 above (under the heading "Special Business"), if passed, will empower the Directors of the Company from the date of the Meeting until the next AGM to issue shares whether by way of rights, bonus or otherwise and/or make or grant Instruments that might require shares to be issued up to and not exceeding 50% of the Company's total number of issued shares, excluding treasury shares, if any, with a limit of 20% of the Company's total number of issued shares excluding treasury shares, if any, for any issue of shares not made on a *pro rata* basis to shareholders. This authority will expire at the next AGM of the Company, unless revoked or varied at a general meeting.

6. The ordinary resolution set out in item 7 above (under the heading "Special Business"), if passed, will empower the Directors to offer and grant options under the SOS and to issue from time to time such number of shares in the capital of the Company pursuant to the exercise of such options under the SOS subject to such limits or sub-limits as prescribed in the SOS.

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

   Please note that if a shareholder is eligible to participate in the SOS (including a director and/or employee of the Company and its subsidiaries and its designated parent company, Hong Leong Investment Holdings Pte. Ltd. and its subsidiaries), he should abstain from voting at the Meeting in respect of the ordinary resolution set out in item 7 in relation to the SOS, and should not accept nominations as proxies or otherwise for voting at the Meeting, in respect of the aforesaid ordinary resolution, unless specific instructions have been given in the proxy form on how the vote is to be cast for the aforesaid resolution.

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead.

2. A proxy need not be a member of the Company.

3. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 156 Cecil Street, #09-01 Far Eastern Bank Building, Singapore 069544, not less than 48 hours before the time appointed for holding the Meeting.

HL Global Enterprises Limited
Company Registration No. 196100131N
(Incorporated in the Republic of Singapore)

Proxy Form for Annual General Meeting

Important:
1. For investors who have used their CPF monies to buy HL Global Enterprises Limited's shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominee and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF Investors who wish to attend the 51st Annual General Meeting as OBSERVERS have to submit their requests through their respective Agent Banks so that their Agent Banks may register with the Company Secretary of HL Global Enterprises Limited within the time frame specified. (Agent Banks: Please see note 8 on required format.)

*I/We, ______________________________ with NRIC/Passport No. ______________

of ____

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

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

* and/or

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

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the 51st Annual General Meeting of the Company (the "AGM") to be held at Grand Copthorne Waterfront Hotel, Riverfront 1&2, Level 2, 392 Havelock Road, Singapore 169663, on Wednesday, 30 April 2014 at 11.00 a.m. and at any adjournment thereof. *I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated with an "X" in the spaces provided hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/their discretion, as *he/they will on any other matter arising at the AGM.

No.	Resolutions		For	Against
A.	**ORDINARY BUSINESS:**			
1.	Adoption of Reports and Financial Statements			
2.	Approval of Directors' Fees			
3.	Re-election of Directors under the Articles of Association:	(a) Mr Hoh Weng Ming		
		(b) Ms Loo Hwee Fang		
4.	Re-appointment of Mr Michael Yeo Chee Wee as Director under Section 153(6) of the Companies Act, Chapter 50			
5.	Re-appointment of Ernst & Young LLP as Auditor			
B.	**SPECIAL BUSINESS:**			
6.	Authority for Directors to issue shares and/or make or grant offers, agreements or options pursuant to Section 161 of the Companies Act, Chapter 50 and the listing rules of the Singapore Exchange Securities Trading Limited			
7.	Authority for Directors to offer and grant options and to issue shares in accordance with the provisions of the HL Global Enterprises Share Option Scheme 2006			

Dated this ____________ day of ________________ 2014

Total number of Shares held

____
Signature(s) of Member(s)/
Common Seal of Corporate Shareholder

* Delete accordingly

NOTES: SEE OVERLEAF

NOTES:

1. A member of the Company entitled to attend and vote at the AGM is entitled to appoint one or two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints two proxies, the second named proxy shall be an alternate to the first named unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.

3. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this instrument of proxy will be deemed to relate to all the shares held by you.

4. This instrument of proxy must be signed by the appointor or his attorney duly authorised in writing. Where this instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

5. A corporation being a member of the Company may authorise, by resolution of its directors or other governing body, a representative or representatives in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore, to attend and vote for and on behalf of such a corporation.

6. This instrument appointing a proxy or proxies (together with the power of attorney, if any, under which it is signed or a certified copy thereof), must be deposited at the Registered Office of the Company at 156 Cecil Street, #09-01 Far Eastern Bank Building, Singapore 069544, not less than 48 hours before the time fixed for holding the AGM.

7. The Company shall be entitled to reject this instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

8. Agent Banks acting on the request of CPF Investors who wish to attend the AGM as Observers are required to submit in writing, a list with details of the investor's name, NRIC/Passport Number, addresses and number of shares held. The list, signed by an authorised signatory of the Agent Bank, should reach the Company Secretary, at the Registered Office at 156 Cecil Street, #09-01 Far Eastern Bank Building, Singapore 069544, not less than 48 hours before the time fixed for holding the AGM.

Fold Here

PROXY FORM

Affix
Postage
Stamp
Here

The Company Secretary
HL GLOBAL ENTERPRISES LIMITED
156 Cecil Street, #09-01
Far Eastern Bank Building
Singapore 069544

Fold Here

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HL Global Enterprises Limited

ANNUAL REPORT 2013

HL Global Enterprises Limited

Company Registration No. 196100131N

156 Cecil Street
#09-01 Far Eastern Bank Building
Singapore 069544