



Securities Investors Association (Singapore)

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UEN No: S99SS0111B

GST Reg No: M90367530Y

Issuer: HL Global Enterprises Limited

Security: HL Global Enterprises Limited

Meeting details:

Date: 24 April 2019

Time: 10.00 a.m.

Venue: Grand Copthorne Waterfront Hotel, Paradiso Room, Level 3, 392 Havelock Road, Singapore 169663

Company Description

HL Global Enterprises Limited, an investment holding company, operates in the hospitality operations and property development activities in Malaysia and the People's Republic of China. It operates through Investments and Others, Hospitality and Restaurant, and Property Development segments. The company operates and manages hotels and restaurants; and develops, sells, and rents properties. It also provides property and development project management, and hotel management and consultancy services. The company was formerly known as HLG Enterprise Limited and changed its name to HL Global Enterprises Limited in April 2008. HL Global Enterprises Limited was incorporated in 1961 and is based in Singapore. HL Global Enterprises Limited is a subsidiary of Grace Star Services Ltd.

(Source: http://www.sgx.com/wps/portal/sgxweb/home/company_disclosure/stockfacts?code=AVX)

1. As noted in the chairman's statement, the group's main operation is the aging Copthorne Hotel Cameron Highlands ("CHCH"). Despite the boost from the one-time sale of the Punggol Land for \$3.3 million, revenue slipped to \$10.74 million following the disposal of subsidiaries in 2017.

The occupancy rate at CHCH fell by 5% to 62% in the face of competition from new hotels and new apartments and average room rate fell by RM8 to RM218 in 2018.

Without the one time profit from sale of the Punggol land, the group would probably have reported losses. In addition, the group also received interest income of \$864,000 due to its cash hoard.

(i) Can the board elaborate in greater detail the long term strategic growth plans of the group?

As disclosed in the Corporate governance report, the primary function of the board is:

The Board of Directors 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.

(ii) Can the board help shareholders understand its efforts and effectiveness in providing entrepreneurial and leadership to the group?

(iii) Has the nominating committee evaluated the performance of the board, especially in the area of review of the company's strategy and performance?

(iv) What is the support given to the group by the major shareholder?

2. Following the sale of the subsidiary in 2017, the group had \$60.49 million in cash and bank balances as at 31 December 2017. The cash and bank balances increased to \$62.73 million as at 31 December 2018.

On the dividend policy, the board has disclosed that it has not recommended the declaration of dividend to shareholders in FY2018 as the group intends to "conserve cash for future investment opportunities to grow its earnings base".

(i) Has the board evaluated the long term return on investment (ROI) of its past investments?

(ii) Has the board considered a special dividend/capital reduction to right-size the balance sheet?

3. For a listed company, the company is an outlier on the SGX as it does not have any executive director nor does it have a chief executive officer.

The group has identified its key management as:

- (a) chief financial officer (CFO), Ms Foo Yang Hym
- (b) General manager – Asset Management (China), Mr Yam Kit Sung

The Executive Committee (“Exco”) comprises three Directors, one of whom is an ID. The Exco comprises Dato’ Gan Khai Choon (chairman), Andrew Goh Kia Teck and Tan Eng Kwee.

Dato’ Gan is the non-executive chairman while Mr Tan Eng Kwee and Mr Andrew Goh Kia Teck are the non-executive director and lead independent director respectively.

The Exco also assists the board in its general oversight of Management and objectively evaluates the performance of Management. It reviews and recommends to the board, the group’s initiatives on strategic development and direction on new investments.

However, on page 12, the company has stated that no formal meetings of the Exco were held in 2018 although regular informal discussions were held by its members to discuss, amongst other matters, the Group’s operations and potential investment opportunities. There were no formal Exco meetings in 2017 as well.

- (i) Would the company help shareholders understand how the group is organised operationally? How are operational decisions made on a daily basis? Who has the P&L responsibility since there is no CEO nor an executive director for the group?**
- (ii) Has the board considered if it would benefit the group to have a full time, capable, driven CEO to move the group forward?**
- (iii) Does the Exco think that it has discharged its duties to as there was no formal meetings held? Are informal discussions properly documented?**
- (iv) Would the board consider appointing a dynamic and driven leader (CEO) with a track record of leading groups forward?**

A copy of the questions for the Annual Report for the financial year ended 31 December 2017 could be found here:

<https://sias.org.sg/qa-on-annual-reports/?company=HL%20Global%20Enterprises%20Ltd&cid=6390,4624>

The company’s response could be found here: -----



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