

## HL GLOBAL ENTERPRISES LIMITED

(Co. Reg. No. 196100131N)

(Incorporated in the Republic of Singapore)

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### ANNUAL GENERAL MEETING (“AGM”) TO BE HELD ON 28 APRIL 2022 - RESPONSES TO QUESTIONS RECEIVED FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE)

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HL Global Enterprises Limited (“**HLGE**” or the “**Company**”) refers to its announcement dated 6 April 2022 on the alternative arrangements for the AGM and in particular, the invitation to shareholders to submit questions that are relevant to the AGM resolutions and the business of the Company, in advance of the AGM by 14 April 2022 (the “**Cut-Off Date**”). As of the Cut-Off Date, one question was received from a shareholder and the Company had, on 21 April 2022, announced its response to the said question.

The Company also received questions from the Securities Investors Association (Singapore) (“**SIAS**”) relating to the Company’s Annual Report 2021 and the Company’s responses to the questions raised are set out below:

#### **SIAS’ Question No. 1:**

The company does not have a chief executive officer nor executive director. In the corporate governance report, the company provided the following explanation:

The executive committee (Exco) is tasked to assist the board in its general oversight of management, especially in the review and recommendation to the board on the group’s initiatives on strategic development and direction on new investments. Although named as an ‘Exco’, the Exco is not involved in the executive management of the group’s business and the handling of such operational matters is undertaken by management. The Exco does not have executive responsibilities for the company’s operations, and are not responsible for the implementation of the board’s direction and decisions, which is the responsibility of management.

The Exco comprises Messrs Gan Khai Choon, Andrew Goh Kia Teck and Hoh Weng Ming.

As a listed company without a CEO or equivalent, the Exco only held a single meeting in 2021 (see table below).

**Directors' Attendance (including via electronic means) at the AGM and Meetings of the Board and Board Committees in 2021 (Provision 1.5)**

A.

	Board	Exco	ARC	NC	RC
<b>Number of Meetings held in 2021:</b>	<b>6</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>1</b>
<b>Name of Directors</b>	<b>Number of Meetings Attended in 2021</b>				
Dato' Gan Khai Choon	6	1	N.A.	N.A.	N.A.
Ms Loo Hwee Fang <sup>(i)</sup>	6	N.A.	3	2	1
Mr Andrew Goh Kia Teck	6	1	3	2	1
Mr Goh Kian Chee <sup>(ii)</sup>	6	N.A.	3	2	1
Mr Hoh Weng Ming	6	1	N.A.	N.A.	N.A.
Mr Chew Heng Ching <sup>(iii)</sup>	1	N.A.	N.A.	N.A.	N.A.

N.A. – Not applicable

Notes:

- (i) Ms Loo Hwee Fang stepped down as an ID on 1 January 2022. She also ceased to be the Chairman of the NC, and a member of the ARC, RC and SOSC on 1 January 2022.
- (ii) Mr Goh Kian Chee was appointed as the Chairman of the NC on 1 January 2022 in place of Ms Loo Hwee Fang.
- (iii) Mr Chew Heng Ching was appointed as an ID on 1 November 2021, and a member of the ARC, NC, RC and SOSC on 1 January 2022.

(Source: company annual report)

- (i) **Has the board ensured that the necessary operational and human resources are in place for the company to meet its objectives (Principle 1: The board's conduct of affairs – Code of corporate governance 2018)?**

**HLGE's Response:**

Yes, operational and human resources are in place. The Group's main hospitality business is Copthorne Hotel Cameron Highlands ("**CHCH**"). The General Manager of CHCH and his team of staff are responsible for the daily operation of CHCH. The Chief Financial Officer ("**CFO**") of the Company is also involved in CHCH's activities and oversees the Group's operations including the property development projects in Malaysia. The CFO reports to the Executive Committee ("**Exco**") weekly on the Group's operations.

- (ii) **On page 15, the board stated that, apart from the one formal meeting, the Exco members had "regular informal discussions". Since there is no CEO nor executive director, would the members of the Exco help shareholders understand their level of involvement, commitment and contribution to the group (as Exco members) given that the Exco held only one meeting in 2021?**

**HLGE's Response:**

Though the Company does not have any Chief Executive Officer ("**CEO**") or Executive Director, the steering role is undertaken by the Company's Exco. The Exco's principal responsibility as set out in its written terms of reference approved by the Board of Directors (the "**Board**"), is to assist the Board in the discharge of its duties by deliberating on matters requiring the Board's review that arise between Board meetings, and in carrying out any Board functions as delegated down and tasked by the Board from time to time. The Exco is also tasked to assist the Board in its general oversight of Management and objectively evaluates the performance of Management. The Exco reviews and recommends to the Board, the Group's initiatives on strategic development and direction on new investments. The lack of formal meetings of the Exco does not imply that the Exco is inactive. The Exco's contributions extend beyond the confines of formal meetings through discussions, sharing of views and communication.

- (iii) **Will the board/nominating committee be committing to a timeline to appoint a suitably experienced and qualified CEO (or equivalent) with the experience and the drive to lead the group?**

**HLGE's Response:**

The Board will consider, at the appropriate time, the appointment of a suitably qualified Executive Director or CEO when the scope and nature of the operations of the Group require it. As and when such appointment takes place, an announcement on the same will be published on the SGXNET and the Company's corporate website.

- (iv) **As a listed company, the group generated revenue that averaged \$3.6 million each year in the past 2 years, out of total assets of \$79.6 million (average). Accumulated losses amounted to \$(68.9) million as at 31 December 2021. As noted in the key audit matter, the group is holding on to an uncompleted development property in Malaysia in its initial phase of development after work has been suspended since 1998. Since it is the board's fiduciary duty to safeguard the interest of the company and of the shareholders, are there any intentions to carry out an orderly liquidation of the group's assets and to distribute the capital to its shareholders?**

**HLGE's Response:**

The low revenue for the past two years was mainly due to various movement control orders ("MCO") imposed by the Malaysian Government arising from the COVID-19 pandemic. Travel restrictions within Malaysia had disrupted the business operations of the Group's hospitality operations in Malaysia.

The Board is of the view that new investments are needed to be injected into the Group and has been exploring business opportunities which will allow the Group to grow its earnings base. As such, the Board does not consider carrying out a liquidation of the Group's assets to be the appropriate course of action at this point of time.

**SIAS' Question No. 2:**

Despite global economies rebounding back from the pandemic in 2021, the group reported losses of \$(1.38) million in FY2021.

Revenue slipped to just \$2.46 million in FY2021. As noted in a query by SGX RegCo, the group's other expenses of \$2.637 million exceeded the group's total revenue in FY2021.

- (i) **For the benefit of shareholders, could the board provide a holistic overview of the group's business model and strategy in an announcement on SGXNet and during the AGM on 28 April 2022.**
- (ii) **In particular, please explain clearly how the group creates value for shareholders.**

**HLGE's Response:**

The Group's main hospitality operations is CHCH, which is situated in Malaysia. In 2021, CHCH's business had been adversely impacted due to the implementation of various MCO by the Malaysian Government which resulted in interstate travel restrictions across many states since mid-January till 11 October 2021. That notwithstanding, CHCH has taken the opportunity of the lull to renovate the superior rooms and upgraded the lifts at the hotel. Although the Malaysian Government has resumed interstate travel, the operations in CHCH are not expected to return to pre-COVID-19 level soon as the presence of the Omicron COVID-19 variant may have a negative impact on Malaysia's business environment which could further limit the country's economic recovery. CHCH's performance is dependent on how the variant develops, as well as the preventive measures put in place by the Malaysian Government to contain it. The Malaysian Government has also recently announced the re-opening of its international

borders to quarantine-free travel on 1 April 2022 as the country moves towards an endemic approach to COVID-19. As Malaysia begins its efforts to revitalise the tourism industry towards the second half of 2022 and with emphasis of good hygiene standards in CHCH, we hope to see a boost in CHCH's business which would benefit the Group's hospitality segment.

The Group has plans to refurbish the old commercial complex next to CHCH into additional hotel and function rooms, and documents have been submitted to the Planning Department for their review and comments. Furthermore, discussions are in place to develop a 40-unit high rise apartment block and consultants are preparing the documents for submission to the relevant authorities. The said apartments will be sold upon completion and the new hotel rooms will increase the room inventory of CHCH and help the Group to generate more revenue. The Group will continue to source for sustainable business opportunities to grow its earnings. These investments over time will help to improve the Group's product offerings and enhance the value of the properties and in turn, maximize the value for shareholders of the Company.

The group has \$29.8 million held as bank balances with related parties (Note 27 Related party transactions; page 133).

**(iii) What is the reason to hold such a large amount of cash? What is the yield on these bank deposits?**

**HLGE's Response:**

As stated on page 65 of the Balance Sheets in the Annual Report 2021, the Group's cash and bank balances as at 31 December 2021 amounted to an aggregate of \$55.08 million. The Board intends to conserve the cash to fund *inter alia* the development of the 40-unit high-rise apartment block, the major refurbishment of the old commercial complex next to CHCH and for future investment business opportunities. Out of the Group's total cash, \$53.19 million has been placed in fixed deposits which are made for varying periods, depending on the immediate cash requirements of the Group and the Company. While these fixed deposit placements earn interest at the respective deposit rates, such returns on interest had been very minimal in light of the low interest rate environment during the COVID-19 pandemic. The weighted average interest rates for 2021 for Singapore Dollar and Malaysian Ringgit fixed deposit placements were 0.415% per annum and 1.543% per annum respectively.

**(iv) What is the company's dividend policy? Given the level of activities in the past years, will the board declare a special dividend to right-size its balance sheet?**

**HLGE's Response:**

As set out on page 34 of the Corporate Governance Report 2021, the Company has in place a dividend policy wherein 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 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.

The net loss attributable to shareholders of the Company for FY 2021 was \$1.4 million. The Board has not recommended the declaration of dividends to shareholders in view of the loss incurred for the year under review.

**SIAS' Question No. 3:**

The company has stated that searches for and selection of candidates to be considered for appointment as directors are facilitated through recommendations from the directors, management or external parties including the company's contacts in the related industries, finance, legal and accounting professions, and identified based on the needs of the company and the relevant expertise required.

Assistance may also be obtained from SID and professional executive search firms engaged to source for suitable candidates for the NC's consideration.

On 29 October 2021, the company announced the appointment of Mr Chew Heng Ching with effect from 1 November 2021<sup>1</sup>.

Date Of Appointment	01/11/2021
Name Of Person	Chew Heng Ching
Age	70
Country Of Principal Residence	Singapore
The Board's comments on this appointment (including rationale, selection criteria and the search and nomination process)	<p>The appointment of Mr Chew Heng Ching as an Independent Non-Executive Director was recommended by the Nominating Committee ("NC") and approved by the Board of Directors (the "Board"), after taking into consideration his credentials, qualifications, skills sets and wealth of experience as a director of companies (past and present) in the various industry disciplines. The NC recognised that Mr Chew's expertise and extensive experience, particularly in the hospitality industry, would be relevant to the Group's main hospitality operations at Copthorne Hotel Cameron Highlands, being a key priority of the Board.</p> <p>The Board is of the view that Mr Chew's business, corporate management and professional experience, knowledge and expertise would strengthen the core competencies of the Board and would allow for diverse and objective perspectives on the Group's business and direction.</p>
Whether appointment is executive, and if so, the area of responsibility	No
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director

- (i) **Can management elaborate further on the search and nomination process that led to the NC's recommendation?**

**HLGE's Response:**

As set out on page 21 of the Corporate Governance Report 2021, searches for and selection of candidates to be considered for appointment as Directors are facilitated through recommendations from the Directors, Management or external parties including the Company's contacts in the related industries, finance, legal and accounting professions, and identified based on the needs of the Company and the relevant expertise required.

Ms Loo Hwee Fang, an independent non-executive Director ("**INED**") stepped down from the Board on 1 January 2022 after having served 9 years on the Board. During the search process for an INED in place of Ms Loo, the Nominating Committee ("**NC**") of the Company had gone beyond its immediate circle of contacts and had tapped on the professional networking relationships of Directors and external parties for recommendations of prospective candidates to replace Ms Loo. Mr Chew Heng Ching was shortlisted by the NC after having considered his



curriculum vitae containing information on his academic/professional qualifications and business experience. The NC also met with Mr Chew to assess his suitability before formally considering and recommending him for appointment to the Board.

The NC is of the view that Mr Chew's expertise and extensive experience, particularly in the hospitality industry, would be relevant to the Group's main hospitality operations at CHCH, being a key priority of the Board. Further, Mr Chew's business, corporate management and professional experience, knowledge and expertise would strengthen the core competencies of the Board and would allow for diverse and objective perspectives on the Group's business and direction. The Board concurred with the NC's recommendation.

- (ii) **Can the NC elaborate further on the director's "extensive experience, particularly in the hospitality industry"?**

**HLGE's Response:**

Mr Chew serves as an INED of Bonvests Holdings Limited ("**Bonvests**") since 1995. Based on publicly disclosed information, the Bonvests group with over 30 years of experience, has established a sound reputation for quality and service in each of its core business including property investment and development, and hotel management and ownership. The NC and the Board believe Mr Chew would be able to contribute to the Board given his many years' experience in the hospitality industry.

In the announcement of appointment, Mr Chew declared that he stepped down as an independent director of Sinopipe Holdings Limited in September 2021. Sinopipe was subsequently wound up voluntarily and has since been delisted from the Official List of Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 15 September 2021.

Mr Chew was also an ID of The Stratech Group Limited and resigned with effect from 30 March 2018. Stratech and its subsidiary were being wound up pursuant to the Orders of the High Court of the Republic of Singapore dated 17 September 2018. Stratech had since been delisted from the Official List of SGX-ST on 23 October 2020.

- (iii) **In the NC's review and nomination process, are the previous roles of Mr Chew Heng Ching as an ID in Sinopipe and Stratech taken into consideration?**

**HLGE's Response:**

Yes, the NC had considered Mr Chew's previous roles as an INED of Sinopipe Holdings Limited ("**Sinopipe**") and The Stratech Group Limited ("**Stratech**") and was of the view that these would not impact his ability to contribute to the Board's collective skill set especially in the area of hospitality which is a key priority of the Board. Mr Chew ceased to be a director of Sinopipe in September 2021 following its voluntary winding up. He resigned as a director of Stratech on 30 March 2018 citing the reason in a SGX-ST announcement released by Stratech on 8 April 2018 that "*he had previously expressed the desire to retire at the AGM for FY 2017 which was then delayed and not yet held, issues with the outstanding amounts due to the statutory creditors as announced by Stratech and of which had affected the directors and their other directorships, and amounts owing to directors which could affect the independence of directors and others.*"

- (iv) **How did the NC determine that Mr Chew is suitable as an ID for the company?**

**HLGE's Response:**

The NC had, prior to recommending Mr Chew Heng Ching's appointment as an INED of the Company to the Board, considered his independence having regard to the provisions in the applicable Rule 210(5)(d) of the Listing Manual of SGX-ST and the guidelines for independence set out in Provision 2.1 of the 2018 Code of Corporate Governance as well as the issue of

competing time commitments given that Mr Chew has multiple listed company board representations and other principal commitments. Having noted the nature of Mr Chew's other directorships as well as his assurance that he would be able to allocate sufficient time and attention, the NC was of the view that Mr Chew will be able to adequately carry out his duties as an INED of the Company. The NC also noted that Mr Chew is a prominent member of the corporate community and had considered his credentials, qualifications, skills sets and wealth of experience as a director of companies (past and present) in the various industry disciplines. The NC also recognised Mr Chew's extensive experience in the hospitality industry which would be relevant to the Group's hospitality operations.

In addition, Mr Chew Heng Ching holds 6 directorships (including 4 directorships on listed companies) and has a principal commitment in RHT G.R.A.C.E. Institute.

- (v) **Should Mr Chew Heng Ching be re-elected, is the director able to afford sufficient time, energy and attention to matters of the group?**

**HLGE's Response:**

As stated on page 141 of the Company's Annual Report 2021, the Board had reviewed the recommendation of the NC on the election of Mr Chew Heng Ching as a Director of the Company and took into consideration, *inter alia*, competing time management for directors who sit on multiple boards.

Mr Chew has also been able to devote enough time and attention to the performance of his Board duties in HLGE, notwithstanding his other directorships and principal commitment in RHT G.R.A.C.E Institute, a social enterprise set up to promote sustainability, good governance, risk management, accountability, compliance and ethical behaviour among the corporate community.

The NC has sought and Mr Chew has confirmed that he has no issue with competing time commitments which may impact his ability to provide sufficient time and attention to his duties as a Director of the Company. Mr Chew was also given in advance the calendar of Board and Board Committees meetings at the time of his appointment so that he can plan his schedule accordingly. Mr Chew has, since his appointment as a Director of the Company, been able to attend all meetings convened by the Board and Board Committees (of which he is a member).

BY ORDER OF THE BOARD

Foo Yang Hym  
Company Secretary /  
Chief Financial Officer

Singapore  
23 April 2022