



**HUDSON**  
INVESTMENT GROUP



# 2021 Annual Report

ASX:HGL

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## CORPORATE DIRECTORY

### Hudson Investment Group Limited

ACN 004 683 729  
ABN 25 004 683 729

### Registered and Corporate Office

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52 Phillip Street  
Sydney NSW 2000  
Telephone: +61 2 9251 7177  
Fax: +61 2 9251 7500  
Email: corporate@higl.com.au  
Website: www.higl.com.au

### Auditors

K.S. Black & Co  
Level 1  
251 Elizabeth Street  
Sydney NSW 2000  
Telephone: +61 2 8839 3000

### Lawyers

Piper Alderman  
Level 23, Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000  
Telephone: +61 2 9253 9999

### Bankers

Commonwealth Bank of Australia  
Corporate Financial Services  
Business & Private Banking  
Level 9, Darling Park 1  
201 Sussex Street  
Sydney NSW 2000  
Telephone: +61 2 9118 7031

St George Bank Limited  
Level 14, 182 George St  
Sydney NSW 2000  
Telephone: +61 2 9236 2230

### Board of Directors

John W Farey (Non-Executive Chairman)  
Alan Beasley (Managing Director)  
Wei Huang (Executive Director)  
John J Foley  
Dr Cheng Fong Han  
Warren Wen-Shih Choo (Alternate Director)

### Joint Company Secretaries

Henry Kinstlinger  
Mona Esapournoori

### Chief Financial Officer

Francis Choy

### Risk & Compliance

Allan Scadden

### Share Registry

Computershare Investor Services Pty Limited  
GPO Box 2975  
Melbourne VIC 3001  
Telephone: 1300 850 505 (within Australia)

### ASX Code – HGL

Hudson Investment Group Limited shares are listed on the Australian Securities Exchange.

This financial report covers the Consolidated Entity consisting of Hudson Investment Group Limited and its controlled entities.

Hudson Investment Group Limited is a company limited by shares, incorporated and domiciled in Australia.

## CHAIRMAN'S REPORT 2021

I present to you the Annual Report for Hudson Investment Group Limited ASX: HGL, **(the Company)** for the twelve months to 31 December 2021. The Company recorded a consolidated net profit \$763,408 for the year ending 31 December 2021.


With the continuation of the Covid-19 pandemic from 2020, it has been a challenging year for everyone, and the economic impact has been immense.

During the course of the year the Company continued to concentrate on developing its current property portfolio. This is evident through the Company's wholly owned subsidiary Hudson Bowen Hills Pty Ltd exploring potential Residential Development Application (DA) to unlock more options for the Company, considering also the DA for a 24-storey mixed use building was approved in April 2021.

Additionally, in December 2021, the sale of Unit 1, 171-175 Sparks Road, Halloran was completed. The strata subdivision submitted to Central Coast Council by HTH Holdings Pty Ltd for Lots 1 and 74 of the Warnervale Properties was approved in December 2021, allowing for more flexibility for the Company to further develop and add value to its assets.

The focus of the Company is to continually develop its property portfolio to achieve its dual objectives of capital appreciation and to increase revenue to strengthen its strategic positioning for future growth.

On behalf of the Board of Directors, I would like to thank the Company's management team and staff for their continued hard work and dedication. Your loyal support and your continuing involvement as shareholders of the Company are highly valued and appreciated.



**John W Farey**  
**Non-Executive Chairman**  
22 March 2022

## REVIEW OF OPERATIONS

### ABOUT HUDSON INVESTMENT GROUP LTD (ASX:HGL)

HGL is an ASX-listed Company focusing on industrial, residential and commercial property investment and development, and currently owns the following properties:

- Unit 2, SP 101632, 171-175 Sparks Road, Halloran, New South Wales
- 59 Mountain Road, Halloran, New South Wales  
(both collectively the **Warnervale Properties**);
- 47 Brookes Street, Bowen Hills, Queensland
- 41-43 Brookes Street, Bowen Hills Queensland  
(both collectively the **Bowen Hills Properties**); and
- 43 Regent Street, Woolloongabba, Queensland (the **Regent Street Property**)

### Highlights

- The sale of Unit 1, 171-175 Sparks Road, Halloran completed on 17th December 2021 achieving \$4,700,000 (nett) following the strata title subdivision submitted to Central Coast Council for Lots 1 and 74 of the Warnervale Properties being approved.
- Exploring potential Residential Development Application (**DA**) for the Bowen Hills QLD properties in addition to the mix use DA, approved in 2021, to provide the Company with additional options with regard to the best use development of the property.
- HGL now owns 100% of the Regent Street Property after HGL exercised the Option to purchase the remaining 70% of the Regent Street Property, in February 2022.
- All financial facilities have been rolled over and extended to 2023/2024

### Warnervale Properties

- Located in the prime Industrial property zoned Wyong Employment Zone (WEZ) and adjacent to the M1 Sydney to Newcastle Freeway, the property is just 1hr by road to the Sydney CBD and is within the Central Coast Council LGA
- Strata subdivision approved for the Warnervale Properties in December 2021, provides additional options for further development of the land.

### Bowen Hills Properties

- The site is located in the Brisbane CBD fringe suburb of Bowen Hills
- In April 2021, DA for a 24-storey mixed use building approved by the Minister for Economic Development Queensland (EDQ). HGL is currently exploring potential Residential DA in addition to the approved mix use DA, to provide “best economic use” options for the development.
- Land size – approximately 2,025m<sup>2</sup>

### Regent Street Property

- HGL now fully owns 100% of the Regent Street Property after HGL exercised the Option to purchase the remaining 70% of the Regent Street Property in February 2022.
- Development approval (DA) achieved for the construction of 54 apartments over 11 levels.

### Outlook for 2022

- Focused on developing current property portfolio and seeking out additional potential property investment opportunities to strengthen the Company’s strategic positioning for future growth and revenue to enhance shareholder value.



**Alan Beasley**  
**Managing Director**  
**22 March 2022**

## DIRECTORS' REPORT

Your Directors present their report together with the financial statements on the consolidated entity (referred to hereafter as the **Group**) consisting of Hudson Investment Group Limited (the **Company**) and the entities it controlled at the end of or during the year ended 31 December 2021.

**Principal activities** The principal activities of the Group during the financial year were investment and development of properties in Australia.

**Operating results** The consolidated net profit after tax for the financial year ended 31 December 2021 was \$0.76 million compared to a net profit after tax of \$0.14 million for the previous corresponding financial year.

Total Shareholders' Funds as at 31 December 2021 were \$25.7 million (2020: \$24.9 million) and the Net Asset Value per share is 43.3 cents (2020:42.0 cents).

**Review of Operations** Information on the operations of the Group and its business strategies and prospects is disclosed in both the Chairman's Report and the Review of Operations contained on pages 4 to 5 of this Annual Report.

**Dividends** The Directors of the Company do not recommend that any amount be paid by way of dividend (2020: nil).

**Meetings of Directors** The number of Directors' Meetings and Directors' Committee Meetings held, and the number of these meetings attended by each of the directors of the Company during the financial year were:

| Director          | Directors Meetings |                       | Remuneration Committee Meetings |                       | Audit Committee Meetings |                       |
|-------------------|--------------------|-----------------------|---------------------------------|-----------------------|--------------------------|-----------------------|
|                   | Attended           | Held Whilst in Office | Attended                        | Held Whilst in Office | Attended                 | Held Whilst in Office |
| J Farey           | 7                  | 7                     | 1                               | 1                     | 1                        | 1                     |
| A Beasley         | 7                  | 7                     | 1                               | 1                     | 1                        | 1                     |
| Wei Huang         | 7                  | 7                     | 1                               | 1                     | 1                        | 1                     |
| J Foley           | 7                  | 7                     | 1                               | 1                     | 1                        | 1                     |
| Dr Cheng Fong Han | 7                  | 7                     | 1                               | 1                     | 1                        | 1                     |

## INFORMATION ON DIRECTORS AND MANAGEMENT

### DIRECTORS

The following persons held office as Directors of the Company at any time during or since the end of the financial year:

|                   |                        |
|-------------------|------------------------|
| John W Farey      | Non-Executive Chairman |
| Alan P Beasley    | Managing Director      |
| Wei Huang         | Executive Director     |
| John J Foley      | Non-Executive Director |
| Dr Cheng Fong Han | Non-Executive Director |

All Directors have been in office since the commencement of the financial year unless otherwise stated.

#### John Farey, B. Com, FAIM, FAICD

##### Non-Executive Chairman - appointed on 1 February 2002

|   |   |
|---|---|
| <b>Experience and Expertise</b>   | John W Farey has over 45 years' experience in financial services including merchant and investment banking. |
| <b>Other Current Directorships of Listed Companies</b>                  | Nil   |
| <b>Former Directorships in the Last Three Years of Listed Companies</b> | Raffles Capital Limited (ASX: RAF)  |
| <b>Special Responsibilities</b>   | Chairman of the Board<br>Member of the Audit Committee  |
| <b>Interests in Shares and Options</b>                                  | Direct interest in 1,000 shares   |

#### Alan Beasley, B.Ec, CPA, FGIA, FAICD

##### Managing Director - appointed on 19 January 2015

|   |  |
|---|--|
| <b>Experience and Expertise</b>   | Mr Beasley is a Non-Executive Director and former Director of a number of publicly listed and unlisted companies. Mr Beasley was educated at the University of New England (BEc) and Stanford Graduate Business School, USA. |
| <b>Other Current Directorships of Listed Companies</b>                  | Nil  |
| <b>Former Directorships in the Last Three Years of Listed Companies</b> | Raffles Capital Limited (ASX: RAF)<br>Epsilon Healthcare Limited (ASX: EPN)<br>AFT Corporation Limited (ASX: AFT)<br>E3SIXTY Ltd (ASX: E3S)  |
| <b>Special Responsibilities</b>   | Managing Director<br>Member of the Audit Committee   |
| <b>Interests in Shares and Options</b>                                  | Indirect interest in 160,000 shares.   |

#### Wei Huang, B.Ec, MComm

##### Executive Director - appointed on 4 June 2019

|   |   |
|---|---|
| <b>Experience and Expertise</b>   | Wei Huang graduated with Bachelor of Economics from Macquarie University and a Master of Commerce from the University of New South Wales. He is a member of CPA Australia and has experience in financial control, new business start-ups and development within the textile, retail, financial services, construction and mining sectors in Australia and internationally. |
| <b>Other Current Directorships of Listed Companies</b>                  | Nil   |
| <b>Former Directorships in the Last Three Years of Listed Companies</b> | Nil   |
| <b>Special Responsibilities</b>   | Member of the Audit Committee   |
| <b>Interests in Shares and Options</b>                                  | Indirect interest in 6,000,000 shares   |

**John Foley BD., LL.B., B.L. (Dub), KHS., F.A.I.C.D.****Non-Executive Director - appointed on 6 August 2014**

|   |   |
|---|---|
| <b>Experience and Expertise</b>   | Mr Foley has wide-ranging experience in resources, industrial, manufacturing, legal, financial and investment related industries. His commercial and legal background provides knowledge and experience to the Company. |
| <b>Other Current Directorships of Listed Companies</b>                  | Citigold Corporation Limited  |
| <b>Former Directorships in the Last Three Years of Listed Companies</b> | Nil   |
| <b>Special Responsibilities</b>   | Member of Audit Committee<br>Chair of the Remuneration Committee  |
| <b>Interests in Shares and Options</b>                                  | Nil   |

**Dr Cheng Fong Han BSc. PhD.****Non-Executive Director - appointed on 1 June 2017**

|   |   |
|---|---|
| <b>Experience and Expertise</b>   | Dr Han is the current Executive Chairman of Hua Xia International Investments Ltd. He has previously held appointments as Group CEO and Managing Director of Fraser and Neave Limited and DBS Land Limited, Deputy Managing Director of Petrochemical Corporation of Singapore, and Chairman of Australand Holdings Ltd (1996-2000). Dr Han has also served as Permanent Secretary to the Ministry of Manpower (Singapore) (1978-1984). |
| <b>Other Current Directorships of Listed Companies</b>                  | Nil   |
| <b>Former Directorships in the Last Three Years of Listed Companies</b> | Nil   |
| <b>Special Responsibilities</b>   | Member of the Audit Committee   |
| <b>Interests in Shares and Options</b>                                  | Nil   |

**Mr Warren Wen-Shih Choo BSc.****Alternate Director to Dr Cheng Fong Han – appointed on 1 June 2017**

|   |   |
|---|---|
| <b>Experience and Expertise</b>   | Mr Choo currently serves as Assistant General Manager of Tridex Pte Ltd. Mr Choo has a background in engineering. |
| <b>Other Current Directorships of Listed Companies</b>                  | Nil   |
| <b>Former Directorships in the Last Three Years of Listed Companies</b> | Nil   |
| <b>Special Responsibilities</b>   | Nil   |
| <b>Interests in Shares and Options</b>                                  | Nil   |



**MANAGEMENT****Vincent Tan****Executive Director – Controlled entities****Experience and Expertise**

Vincent Tan is a chartered accountant and has over the past 35 years worked in a range of industries, including insurance, securities trading, finance and property.

Mr Tan has held senior management positions in a number of public and non-government organisations and has broad experience in corporate structuring.

**Henry Kinstlinger****Joint Company Secretary – Appointed 16 March 2016****Experience and Expertise**

Henry Kinstlinger has, for the past thirty years, been actively involved in the financial and corporate management in several public companies and non-governmental organisations. He is currently the Company Secretary of ABX Group Limited. He is a corporate consultant with broad experience in investor and community relations and corporate and statutory compliance.

**Mona Esapournoori****Joint Company Secretary – appointed 5 June 2018****Experience and Expertise**

Mona Esapournoori holds a Bachelor of Law from Western Sydney University. She is admitted as a solicitor with the Law Society of New South Wales.

**Francis Choy MCom MBA FCPA (HK) FCPA CA****Chief Financial Officer****Experience and Expertise**

Francis Choy has held a number of senior positions in corporate financial management roles throughout Australia and South East Asia. He has extensive experience in project finance, compliance, acquisition and investment appraisals.

He has been involved in project finance, financial management of property development and telecommunication projects in South East Asia.

He held senior financial roles for numerous public listed companies both in Hong Kong and Australia.

**LIKELY DEVELOPMENTS**

Information on likely developments in the operations of the Group, known at the date of this report has been covered generally within the report. In the opinion of the Directors providing further information would prejudice the interests of the Group.

**RISK MANAGEMENT**

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

**LITIGATION**

Halloran Properties 1 Pty Limited, a wholly owned subsidiary of the Company, settled the Supreme Court of NSW proceedings in June 2021 for the return of deposit monies paid for the non-completed purchase of Lot 3, 143 Sparks Road Warnervale.

**MATTERS SUBSEQUENT TO BALANCE DATE**

Hudson Investment Group has exercised the Option to purchase the remaining 70% of the Regent Street Property located at 43 Regent Street, Woolloongabba QLD 4102 for consideration \$2.8 million. After exercising the option, the Company owns 100% of the Regent Street Property.

At the date of this report there are no other matters or circumstances that have arisen since 31 December 2021 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2021 of the Group;
- The results of those operations; or
- The state of affairs, in financial years subsequent to 31 December 2021 of the Group.

**ENVIRONMENTAL REGULATIONS**

There has been no breach of environmental regulations during the financial year or in the period subsequent to the end of the financial year and up to the date of this report.

The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are mindful of the regulatory regime in relation to the impact of the Company's activities on the environment.

To the best of the Directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and is not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

## REMUNERATION REPORT - AUDITED

The information provided in this Remuneration Report has been audited as required by Section 308 (3c) of the *Corporations Act 2001*.

This report outlines the remuneration arrangements in place for Directors and Executives of the Company.

### REMUNERATION COMMITTEE

The Remuneration Committee reviews and approves policy for determining Executives' remuneration and any amendments to that policy.

The whole board sits as the Remuneration Committee which makes recommendations to the Board on the remuneration of Executive Directors (including base salary, incentive payments, equity awards and service contracts) and remuneration issues for Non-Executive Directors.

The Committee meets as often as required but not less than once per year.

The Committee met during the period and the Committee members attendance record is disclosed in the table of Directors Meetings shown on page 6.

Options granted to directors and key management personnel do not have performance conditions. As such the Group does not have a policy for directors and key management personnel removing the "at risk" aspect of options granted to them as part of their remuneration.

### DIRECTORS' AND OTHER KEY MANAGEMENT PERSONNEL REMUNERATION

The following persons were Directors of the Company during the financial year unless otherwise stated:

- John W Farey                      Non-Executive Chairman
- Alan P Beasley                    Managing Director
- Wei Huang                         Executive Director
- John J Foley                       Non-Executive Director
- Dr Cheng Fong Han               Non-Executive Director
- Warren Wen-Shih Choo           Alternate Director

The following persons were other key management personnel of Hudson Investment Group Limited during the financial year:

- Vincent Tan                        Executive Director of controlled entities
- Henry Kinstlinger                 Joint Company Secretary
- Mona Esapournoori               Joint Company Secretary
- Francis Choy                        Chief Financial Officer

Executives' remuneration and other terms of employment are reviewed annually having regard to relevant comparative information and independent expert advice. As well as basic salary, remuneration packages include superannuation. Directors are also able to participate in an Employee Share Plan.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's operations. Consideration is also given to reasonableness, acceptability to shareholders and appropriateness for the current level of operations.

Remuneration of Non-Executive Directors is determined by the Board based on recommendations from the Remuneration Committee and the maximum amount approved by shareholders from time to time.

### PERFORMANCE CONDITIONS

The elements of remuneration as detailed within the Remuneration Report are dependent on the satisfaction of the individual's performance and Hudson Investment Group's financial performance.

The Board undertakes an annual review of its performance and the performance of the Board Committees.

Details of the nature and amount of each element of the remuneration of each Director of the Company and each specified executive of the Company are set out in the following tables. The remuneration amounts are the same for the Company and the Group.

**Directors and Other Key Management Personnel of Hudson Investment Group Limited**

|                          | Short Term Employee Benefits |                       | Post-Employment Benefits | Long Term Benefits | Total          |
|--------------------------|------------------------------|-----------------------|--------------------------|--------------------|----------------|
|                          | Salary and other fees        | Non-Monetary Benefits | Superannuation           | Long Service Leave |                |
|                          | \$                           | \$                    | \$                       | \$                 | \$             |
| <b>Consolidated 2021</b> |                              |                       |                          |                    |                |
| <b>Directors</b>         |                              |                       |                          |                    |                |
| Alan P Beasley*          | 170,000                      | -                     | -                        | -                  | 170,000        |
| John W Farey             | 12,000                       | -                     | -                        | -                  | 12,000         |
| Wei Huang                | 210,000                      | -                     | -                        | -                  | 210,000        |
| John J Foley             | -                            | -                     | -                        | -                  | -              |
| Dr Cheng Fong Han        | -                            | -                     | -                        | -                  | -              |
| <b>Director - Total</b>  | <b>392,000</b>               | <b>-</b>              | <b>-</b>                 | <b>-</b>           | <b>392,000</b> |
| Vincent Tan              | 120,000                      | -                     | -                        | -                  | 120,000        |
| Henry Kinstlinger        | -                            | -                     | -                        | -                  | -              |
| Mona Esapournoori        | 2,000                        | -                     | 200                      | 32                 | 2,232          |
| Francis Choy             | 120,000                      | -                     | 11,700                   | 1,984              | 133,684        |
| <b>KMP - Total</b>       | <b>242,000</b>               | <b>-</b>              | <b>11,900</b>            | <b>2,016</b>       | <b>255,916</b> |
| <b>2020</b>              |                              |                       |                          |                    |                |
| <b>Directors</b>         |                              |                       |                          |                    |                |
| Alan P Beasley           | 150,000                      | -                     | -                        | -                  | 150,000        |
| John W Farey             | 12,000                       | -                     | -                        | -                  | 12,000         |
| Wei Huang                | 150,000                      | -                     | -                        | -                  | 150,000        |
| John J Foley             | -                            | -                     | -                        | -                  | -              |
| Dr Cheng Fong Han        | -                            | -                     | -                        | -                  | -              |
| <b>Director - Total</b>  | <b>312,000</b>               | <b>-</b>              | <b>-</b>                 | <b>-</b>           | <b>312,000</b> |
| <b>KMP</b>               |                              |                       |                          |                    |                |
| Henry Kinstlinger        | -                            | -                     | -                        | -                  | -              |
| Mona Esapournoori        | -                            | -                     | -                        | -                  | -              |
| Francis Choy             | 50,000                       | -                     | 4,750                    | 663                | 55,413         |
| <b>KMP - Total</b>       | <b>50,000</b>                | <b>-</b>              | <b>4,750</b>             | <b>663</b>         | <b>55,413</b>  |

The amounts reported represent the total remuneration paid by entities in the Group in relation to managing the affairs of all the entities within the Group. The remuneration has not been allocated between the individual entities within the Group as this would not be practicable.

\*Mr Beasley received director fee \$150,000 and consulting fee \$20,000

There are no performance conditions related to any of the above payments.  
There is no other element of Directors and other Key Management Personnel remuneration.

**EXECUTIVE SERVICE AGREEMENTS**

There was one service agreement in place formalising the terms of remuneration of Mr Beasley. The agreement has no specific term, remunerated in \$150,000 p.a and consulting fee \$20,000 respectively and may be terminated by either party upon reasonable notice. The Company may terminate the agreement in the event of serious misconduct by either party without any compensatory payment.

There are two service agreements in place formalising the terms of remuneration of Mr Huang. The agreement has no specific term, remunerated in \$150,000 p.a and \$60,000 p.a respectively and may be terminated by either party upon reasonable notice. The Company may terminate the agreement in the event of serious misconduct by either party without any compensatory payment.

There was one service agreement in place formalising the terms of remuneration of Mr Tan. The agreement has no specific term, remunerated in \$120,000 p.a and may be terminated by either party upon reasonable notice. The Company may terminate the agreement in the event of serious misconduct by either party without any compensatory payment.

There was one service agreement in place formalising the terms of remuneration of Mr Choy. The agreement has no specific term, remunerated in \$120,000 p.a and may be terminated by either party upon reasonable notice. The Company may terminate the agreement in the event of serious misconduct by either party without any compensatory payment.

There was one service agreement in place formalising the terms of remuneration of Ms Esapournoori. The agreement has no specific term, remunerated in \$10,000 p.a and may be terminated by either party upon reasonable notice. The Company may terminate the agreement in the event of serious misconduct by either party without any compensatory payment.

**CORPORATE SERVICE AGREEMENTS**

The Company has entered into a Corporate Service Agreement with Hudson Asset Management Pty Limited pursuant to which Hudson Asset Management Pty Limited has agreed to provide its management, registered office, administrative, accounting CFO and secretarial services.

The term of the Corporate Services Agreement has no fixed expiry term and the fee payable is that amount agreed between the parties from time to time. The monthly corporate services fee was agreed and reduced from \$20,000 p.m to \$10,000 p.m; the CFO services was paid to Mr Choy directly. The terms of the Corporate Services Agreement provide that Hudson Asset Management Pty Limited shall act in accordance with the directions of the Board.

**SHARE OPTIONS GRANTED TO DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL**

There were no options granted during or since the end of the financial year to any of the Directors or other Key Management Personnel of the Company and the Group as part of their remuneration. At the date of this report there were no unissued shares under option to Directors or other Key Management Personnel of the Company.

**End of Remuneration Report**

**DIRECTORS' INTEREST**

The relevant interest of each Director in the share capital of the Company as shown in the Register of Directors' Shareholdings as at the date of this report is:

**Directors' Interest in shares and options of the Company and related bodies corporate**

| Ordinary Shares (Number) | Direct Interest | Employee Share Plan | Indirect Interest | Total     |
|--------------------------|-----------------|---------------------|-------------------|-----------|
| <b>Director</b>          |                 |                     |                   |           |
| John Farey               | 1,000           | -                   | -                 | 1,000     |
| Alan Beasley             | -               | -                   | 160,000           | 160,000   |
| Wei Huang                | -               | -                   | 6,000,000         | 6,000,000 |
| John J Foley             | -               | -                   | -                 | -         |
| Dr Cheng Fong Han        | -               | -                   | -                 | -         |

Please refer to Note 24 of the financial statements for details.

**SHARES UNDER OPTION**

No options over issued shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

**LOANS TO DIRECTORS AND OTHER KEY MANAGEMENT PERSONNEL**

No loans were made to Directors or specified Executives of the Company and the Group under the Employee Share Plan during the financial year. Please refer to Note 24 for details.

**DIRECTORS' AND OFFICERS' INDEMNITIES AND INSURANCE**

During the financial year the Company paid an insurance premium, insuring the Company's Directors, (as named in this report), Company Secretary, Executive officers and employees against liabilities not prohibited from insurance by the *Corporations Act 2001*.

A confidentiality clause in the insurance contract prohibits disclosure of the amount of the premium and the nature of insured liabilities.

**PROCEEDINGS ON BEHALF OF THE COMPANY**

Other than the matter referred to in the Directors' Report no person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the Company with leave of the Court under Section 237 of the *Corporations Act 2001*.

**ROUNDING OF AMOUNTS**

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* has been received and is set out on page 16.

**NON-AUDIT SERVICES**

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor K.S. Black & Co for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

#### AUDITOR'S REMUNERATION

During the year the following fees were paid or payable for services provided by the Auditor of the parent entity, its related practices and non-related audit firms:

|  | <b>Consolidated</b> |               |
|--|---------------------|---------------|
|  | <b>2021</b>         | <b>2020</b>   |
|  | \$                  | \$            |
| <b>Audit services:</b>   |                     |               |
| Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group |                     |               |
| Audit and review services fees   | <b>24,690</b>       | 26,295        |
| <b>Taxation and other advisory services:</b>   |                     |               |
| Amounts paid or payable to the Auditor for non-audit taxation services for the entity or any entity in the Group           |                     |               |
| Taxation services  | <b>2,995</b>        | 2,895         |
| Advisory services  | -                   | -             |
| Total  | <b>27,685</b>       | <b>29,190</b> |

#### AUDITOR

K.S. Black & Co continues in office in accordance with Section 327 of the *Corporations Act 2001*.

This Directors' Report, incorporating the Remuneration Report, is signed in accordance with a Resolution of the Board of Directors.



**Wei Huang**  
Executive Director



**Alan Beasley**  
Managing Director

Signed at Sydney  
22 March 2022

## AUDITOR'S INDEPENDENCE DECLARATION

Level 6  
350 Kent Street  
SYDNEY NSW 2000

75 Lyons Road  
DRUMMOYNE NSW 2047

**K.S. Black & Co.**

ABN 48 117 620 558

20 Grose Street  
North Parramatta NSW 2151

PO Box 2210  
North Parramatta NSW 1750

### *Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001*

To the Members of Hudson Investment Group Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2021 there has been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

The entities are in respect of Hudson Investment Group Limited and the entities it controlled during the period.

KS Black & Co  
Chartered Accountants



Scott Bennison  
Partner

Dated in Sydney on this 22<sup>nd</sup> day of March 2022



## CORPORATE GOVERNANCE STATEMENT

### Corporate Governance Plan

The Company has adopted this Corporate Governance Plan, which forms the basis of a comprehensive system of control and accountability for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition ("Principles and Recommendations").

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size and scope, the size of the board and the implementation of additional corporate governance policies and structures will be reviewed.

### a) Board Responsibilities

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

1. maintain and increase Shareholder value;
2. ensure a prudential and ethical basis for the Company's conduct and activities;
3. ensure compliance with the Company's legal and regulatory objectives consistent with these goals, and to achieve this the Board assumes the following responsibilities:
4. developing initiatives for profit and asset growth;
  - i. reviewing the corporate, commercial and financial performance of the Company on a regular basis;
  - ii. acting on behalf of, and being accountable to, the Shareholders; and
  - iii. identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulating of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully-informed basis.

### b) Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

1. the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its businesses; and
2. the principal criteria for the appointment of new Directors are their ability to add value to the Company and its business. All incumbent Directors bring an independent judgement to bear in deliberations and the current representation is considered adequate given the stage of the Company's development. The names, qualifications and relevant experience of each Director will be set out in the Annual Reports of the Company.

### c) Code of Conduct

As part of its commitment to recognising the legitimate expectations of stakeholders and promoting practices necessary to maintain confidence in the Company's integrity, the Company has an established Code of Conduct (**the Code**) to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices or circumstances where there are breaches of the Code. These stakeholders include employees, clients, customers, government authorities, creditors and the community as a whole. This Code governs all of the Company's commercial operations and the conduct of Directors, employees, consultants, contractors and all other people when they represent the Company. This Code also governs the responsibility and accountability required of the Company's personnel for reporting and investigating unethical practices.

The Board, management and all employees of the Company are committed to implementing this Code and each individual is accountable for such compliance. A copy of the Code is given to all employees, contractors and relevant personnel, including directors.

**d) Diversity Policy**

The Board has adopted a diversity policy which provides a framework for the Company to achieve, among other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

**e) Continuous Disclosure**

The Board has adopted a diversity policy which provides a framework for the Company to achieve, among other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

**f) Whistle-blower policy**

HGL is committed to the highest standards of conduct and ethical behaviour in all of our business activities, and to promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance.

HGL encourages the reporting of any instances of suspected unethical, illegal, fraudulent or undesirable conduct involving HGL's businesses, and will ensure that those persons who make a report shall do so without fear of intimidation, disadvantage or reprisal.

**g) Anti-bribery and corruption policy**

HGL has zero tolerance for bribery and corruption and are committed to identifying and preventing bribery and corruption. Any breach will be treated seriously and may result in disciplinary action, dismissal or termination of contract.

**h) Audit Committee and Management of Risk**

The Board has established an Audit and Risk Committee comprised of the full board. The Company is not of a size that justifies having a separate committee to oversee risk, so matters typically considered by such a committee are dealt with by the full Board.

The Board has established an Audit and Risk Committee Charter governing the Audit and Risk Committee which is available on the Company's website (under "Corporate Governance").

**i) Remuneration Arrangements**

The Board will decide the remuneration of an executive Director, without the affected executive Director participating in that decision-making process.

The constitution of the Company provides that Directors are entitled to remuneration as the Directors determine, but the remuneration of the non-executive Directors must not exceed, in aggregate, a maximum amount fixed by the Company in general meeting of Shareholders for that purpose. This amount has been set at \$200,000.

A Director may be paid fees or other amounts (subject to any necessary Shareholder approval) (for example, non-cash performance incentives such as Options) as determined by the Board where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors. The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

**j) Shareholder Communications**

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions. Information is communicated to Shareholders through:

1. annual and half-yearly financial reports and quarterly reports;
2. annual and other general meetings convened for Shareholder review and approval of Board proposals;
3. continuous disclosure of material changes to ASX for open access to the public; and
4. the Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

The auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

**k) Trading in HGL Shares**

The Company's Share Trading Policy prohibits Directors from taking advantage of their position or information acquired, in the course of their duties, and the misuse of information for personal gain or to cause detriment to the Company.

Directors, senior executives and employees are required to advise the Company Secretary of their intentions prior to undertaking any transaction in the Company's securities.

If an employee, officer or director is considered to possess material non-public information, they will be precluded from making a security transaction until after the time of public release of that information.

A copy of the Company's Share Trading Policy is available on the Company's website (under "Corporate Governance").

**l) Corporate Social Responsibility**

The Company is committed to conducting its operations and activities in harmony with the environment and society, and wherever practicable to work in collaboration with communities and government institutions in decision-making and activities for effective, efficient and sustainable solutions.

A copy of the Company's Environmental and Social Charter is available on the Company's website (under "Corporate Governance").

**m) Departures from Recommendations**

The Company is required to report any departures from the recommendations in its annual financial report.

### ASX Corporate Governance Council's Corporate Governance Principles and Recommendations

| PRINCIPLE  | Response   |
|--|--|
| <b>PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>   |  |
| <b>Recommendation 1.1</b>  |  |
| The entity should have and disclose a charter, which sets out the the respective roles and responsibilities of the board, the Chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management  | <p>Complies.</p> <p>The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board. The responsibilities delegated to the senior management team are set out in the Board Charter.</p> <p>The Board Charter can be viewed at the Company's website <a href="http://www.higl.com.au">http://www.higl.com.au</a></p> |
| <b>Recommendation 1.2</b>  |  |
| <p>The entity should undertake appropriate checks before appointing a person or putting forward to security holders a candidate for election, as a director.</p> <p>The entity should provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p> | <p>Complies.</p> <p>The Company has conducted appropriate checks for all current Directors.</p> <p>The Company will undertake appropriate checks described in Guidance Note 1, paragraph 3.15 issued by the ASX before appointing a person, or putting forward to Shareholders a candidate for election, as a Director.</p>  |
| <b>Recommendation 1.3</b>  |  |
| The entity should have a written agreement with each director and senior executive setting out the terms of their appointment.   | Complies.  |
| <b>Recommendation 1.4</b>  |  |
| The company secretary of the entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.   | <p>Complies.</p> <p>The Joint Company Secretaries have been appointed and are accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.</p>   |
| <b>Recommendation 1.5</b>  |  |
| The entity should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and the progress in achieving them.               | <p>Complies.</p> <p>The Board has established a Diversity Policy.</p>  |
| The entity should disclose in its annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and its progress towards achieving them.   | The Diversity Policy is disclosed on the Company's website.  |
| The entity should disclose in its annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.   | Details of the Company's measurable objectives for achieving gender diversity and its progress towards achieving them and the entity's gender diversity figures are set out in the Company's annual report.  |

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| <b>Recommendation 1.6</b>   |  |
| The entity should have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.                                  | <p>Will comply.</p> <p>The Company will disclose the process for evaluating the performance of the Board, its committees and individual directors in its future annual reports.</p> <p>Details of the performance evaluations undertaken will be set out in future annual reports.</p>   |
| <b>Recommendation 1.7</b>   |  |
| The entity should have and disclose a process for periodically evaluating the performance of its senior executives; and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process   | <p>Complies.</p> <p>Senior executive key performance indicators are set annually, with performance appraised by the Board, and reviewed in detail by the Board.</p> <p>The internal review is to be conducted on an annual basis and if deemed necessary an independent third party will facilitate this internal review.</p> <p>Details of the performance evaluations undertaken will be set out in future annual reports.</p> |
| <b>PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE</b>  |  |
| <b>Recommendation 2.1</b>   |  |
| The entity's board should have a nomination committee which has at least three members, a majority of whom are independent directors; and is chaired by an independent director.  | <p>Does not comply.</p> <p>The Company does not have a nomination committee</p>  |
| The entity should disclose the charter of the committee, the members of the committee; and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.   | Currently the role of the nomination committee is undertaken by the full Board. The Company intends to establish a nomination committee once the Company's operations are of sufficient magnitude.   |
| If the entity does not have a nomination committee, it should disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively. | The Company does not have a nomination committee. The Board evaluates the skills, experience of its members and then determines whether additional members should be invited to the Board to complement or replace the existing members.   |
| <b>Recommendation 2.2</b>   |  |
| The entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.  | <p>Does not yet comply.</p> <p>The Company intends to develop a board skill matrix setting out the mix of skills and diversity the Board has and requires. The skill matrix will be available at the Company's website once finalised.</p>   |

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| <b>Recommendation 2.3</b>   |   |
| The entity should disclose the names of the directors considered by the board to be independent directors and the length of service of each director.   | Complies.<br><br>John Farey, John Foley and Dr Cheng Fong Han are the independent directors.  |
| The entity should disclose if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3 <sup>rd</sup> edition) but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion | The independence of the directors and length of service of each director are set out in the Company's annual report.<br><br>Details of any relevant interest, position, association or relationship impacting upon a director's independence are set out in the Company's annual report.  |
| <b>Recommendation 2.4</b>   |   |
| A majority of the board of the entity should be independent directors.  | Complies<br><br>The Company has five directors. Three of these directors are independent directors.   |
| <b>Recommendation 2.5</b>   |   |
| The chair of the board of the entity should be an independent director and, in particular, should not be the same person as the CEO / Managing Director of the entity.  | Complies<br><br>The Chairman is independent and is not the Managing Director. The Company does have a separate CEO/managing director.   |
| <b>Recommendation 2.6</b>   |   |
| The entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.   | Does not yet comply.<br><br>Currently the induction of new directors and plan for professional development is managed informally by the full Board.<br><br>The Company intends to develop a formal program for inducting new directors and providing appropriate professional development opportunities consistent with the development of the Company.   |
| <b>PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY</b>   |   |
| <b>Recommendation 3.1</b>   |   |
| The entity should establish articulate and disclose its values  | Complies.<br><br>The Board has a Code of Conduct to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of the Group's personnel for reporting and investigating unethical practices or circumstances where there are beaches of the Code.<br><br>The Code of Conduct is available on the Company's website. |

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| <b>Recommendation 3.2</b>   |   |
| <p>A listed entity should:</p> <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code by a director or senior executive; and</p> <p>(2) any other material breaches of that code that call into question the culture of the organisation.</p>  | <p>Complies.</p> <p>The Company's Corporate Governance Plan includes a Code of Conduct, which discloses the specific responsibility and accountability of HGL directors, senior executives and employees</p> <p>The Code of Conduct can be viewed at the Company's website <a href="http://www.higl.com.au">http://www.higl.com.au</a></p>  |
| <b>Recommendation 3.3</b>   |   |
| <p>A listed entity should have and disclose a whistleblower policy and ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>  | <p>Complies.</p> <p>The Company's Corporate Governance Plan includes a whistleblower policy, which encourages promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance.</p> <p>The whistleblower policy can be viewed at the Company's website <a href="http://www.higl.com.au">http://www.higl.com.au</a></p>  |
| <b>Recommendation 3.4</b>   |   |
| <p>A listed entity should have and disclose an anti-bribery and corruption policy and ensure that the board or committee of the board is informed of any material breaches of that policy.</p>  | <p>Complies.</p> <p>The Company's Corporate Governance Plan includes a anti-bribery and corruption policy, which outlines the Company's commitment to comply with the laws and regulations and acting in an ethical manner, consistent with the principles of honesty, integrity, fairness and respect.</p> <p>The anti-bribery and corruption policy can be viewed at the Company's website <a href="http://www.higl.com.au">http://www.higl.com.au</a></p>  |
| <b>PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING</b>  |   |
| <b>Recommendation 4.1</b>   |   |
| <p>The board of the entity should have an audit committee, which consists only of non-executive directors, a majority of which are independent directors and is chaired by an independent chair that is not the chair of the board.</p> <p>The entity should disclose the charter of the committee, the members of the committee and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</p> | <p>Partially complies.</p> <p>The board has established an audit and risk committee Charter.</p> <p>Members of the committee comprise the whole board of directors who have appropriate and relevant financial experience to act in this capacity.</p> <p>A summary of the charter and details of the number of times the audit and risk committee met throughout the period and the individual attendances of the members at those meetings are set out in the Company's annual report.</p> <p>The full audit and risk committee charter is available on the Company's website</p> |



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| <b>Recommendation 4.2</b>  |   |
| The board should disclose whether it has, before approving the entity's financial statements for the financial period receive assurance from its Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risks. | Complies.<br><br>The Board requires the Managing Director and Chief Financial Officer to provide such a statement before approving the entity's financial statements for a financial period.  |
| <b>Recommendation 4.3</b>  |   |
| A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.   | Complies.<br><br>The Company goes through external auditor approval for its corporate reports. External auditor attends AGMs and is available to answer questions from Security Holders relevant to the audit.  |
| <b>PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE</b>  |   |
| <b>Recommendation 5.1</b>  |   |
| The entity should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.  | Complies.<br><br>The Company has a written policy on information disclosure. The focus of these policies and procedures is continuous disclosure and improving access to information for investors.<br><br>The Company's continuous disclosure policy can be viewed at the Company's website. |
| <b>Recommendation 5.2</b>  |   |
| A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.  | Complies.   |
| <b>Recommendation 5.3</b>  |   |
| A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.  | Complies.   |
| <b>PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS</b>   |   |
| <b>Recommendation 6.1</b>  |   |
| The entity should provide information about itself and its governance to investors via its website.  | Complies.<br><br>The Company has provided specific information about itself and its key personnel and has developed a comprehensive Corporate Governance Plan.<br><br>Details can be found at the Company's website.  |

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| <b>Recommendation 6.2</b>  |  |
| The entity should design and implement an investor relations program to facilitate effective two-way communication with investors.   | Complies.<br><br>The Company has established a Shareholder's Communication Policy. The Company recognises the importance of forthright communications and aims to ensure that the shareholders are informed of all major developments affecting the Company.<br><br>Details of the Shareholder's Communication Policy can be found on the Company's website.                         |
| <b>Recommendation 6.3</b>  |  |
| The entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.   | Complies.<br><br>The Shareholder's Communication Policy is available on the Company's website and details are set out in the Company's annual report.  |
| <b>Recommendation 6.4</b>  |  |
| A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.  | Complies   |
| <b>Recommendation 6.5</b>  |  |
| A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.   | Complies.  |
| <b>PRINCIPLE 7: RECOGNISE AND MANAGE RISK</b>  |  |
| <b>Recommendation 7.1</b>  |  |
| The board of a listed entity should have a committee or committees to oversee risk, each of which has at least three members, a majority of whom are independent directors and is chaired by an independent director.<br><br>The entity should disclose the charter of the committee, the members of the committee and at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings. | Complies.<br><br>The Board has established an audit and risk committee to oversee risk which is comprised of the whole Board.<br><br>Complies<br><br>The Company's charter for the audit and risk committee is available at the Company's website and the details of the number of times the committee met and the individual attendances is set out in the Company's annual report. |

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| <b>Recommendation 7.2</b>  |  |
| <p>The board or board committee should review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risk the entity faces and to ensure that they remain with the risk appetite set by the board.</p> <p>The entity should also disclose in relation to each reporting period, whether such a review has taken place</p> | <p>Complies.</p> <p>The Company’s Corporate Governance Plan includes a Risk Management Review Procedure and Compliance and Control policy.</p> <p>The Board determines the Company’s “risk profile” and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.</p> <p>The Board has delegated to the audit and risk committee the responsibility for implementing the risk management system.</p> <p>Details of the number of times the committee conducted a risk management review in relation to each reporting period will be disclosed in its annual reports.</p> |
| <b>Recommendation 7.3</b>  |  |
| <p>The entity should disclose if it has an internal audit function, how the function is structured and what role it performs. If the entity does not have an internal audit function, the entity should disclose that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>  | <p>Does not yet comply.</p> <p>The Board has delegated the internal audit function to the audit and risk committee and intends to establish and implement the structure and role of the internal audit function.</p> <p>The Company will disclose the details of the internal audit function in its future annual reports.</p>   |
| <b>Recommendation 7.4</b>  |  |
| <p>The entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>  | <p>Complies.</p> <p>The Company has an Audit and Risk committee appointed to manage economic sustainability and risk.</p>  |
| <b>PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY</b>  |  |
| <b>Recommendation 8.1</b>  |  |
| <p>The board should establish a remuneration committee which has at least three members, a majority of whom are independent directors and is chaired by an independent director.</p>   | <p>Does not yet comply due to the size of the Company. The entire board undertakes the functions normally delegated to a Remuneration Committee.</p>   |
| <p>If the entity does not have a remuneration committee, the entity should disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>   | <p>The Board has adopted a Remuneration Committee Charter.</p> <p>However, the Company is not of a size that justifies having a separate Remuneration Committee so matters typically considered by such a committee are dealt with by the full Board.</p> <p>The Board has reviewed, through independent sources, the level and composition of remuneration for Directors and senior executives to ensure that such remuneration is appropriate and not excessive.</p>   |

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| <b>Recommendation 8.2</b>   |   |
| The entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.   | <p>Complies.</p> <p>The Company distinguishes the structure of Non-executive Directors' remuneration from Executive Directors and senior executives.</p> <p>Details of the policies and practices regarding remuneration are set out in the Company's annual report.</p> <p>The Remuneration Committee Charter is disclosed on the Company's website.</p> |
| <b>Recommendation 8.3</b>   |   |
| If the entity has an equity-based remuneration scheme it should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and disclose that policy or a summary of it.   | <p>Complies.</p> <p>The Company's Share Trading Policy prohibits executive staff from undertaking hedging or other strategies that could limit the economic risk associated with Company Securities issued under any equity-based remuneration scheme.</p> <p>The Share Trading Policy can be viewed on the Company's website</p>                         |
| <b>PRINCIPLE 9: ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES</b>   |   |
| <b>Recommendation 9.1</b>   |   |
| A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents. | We do not have a director in this position and therefore this recommendation is not applicable.   |
| <b>Recommendation 9.2</b>   |   |
| A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.  | We do not have a director in this position and therefore this recommendation is not applicable.   |
| <b>Recommendation 9.3</b>   |   |
| A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.   | We do not have a director in this position and therefore this recommendation is not applicable.   |

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021**

|  | Notes | <b>Consolidated<br/>2021<br/>\$'000</b> | 2020<br>\$'000 |
|--|-------|---|----------------|
| Revenue  | 4     | <b>1,709</b>                            | 1,712          |
| Cost of services   |       | <b>(488)</b>                            | (398)          |
| Other income and expenses  | 5     | <b>600</b>                              | (61)           |
| Cost of providing services and administration expenses                         | 6a    | <b>(856)</b>                            | (843)          |
| Finance income   | 6b    | <b>127</b>                              | 93             |
| Finance expenses   | 6c    | <b>(328)</b>                            | (354)          |
| <b>PROFIT/(LOSS) BEFORE INCOME TAX</b>   |       | <b>764</b>                              | 149            |
| Income tax   | 7     | -                                       | -              |
| <b>PROFIT/(LOSS) AFTER TAX</b>   |       | <b>764</b>                              | 149            |
| <b>OTHER COMPREHENSIVE INCOME</b>  |       |   |                |
| Other comprehensive income   |       | -                                       | -              |
| Tax expenses   |       | -                                       | -              |
| Other comprehensive income after tax   |       | -                                       | -              |
| Total comprehensive income   |       | <b>764</b>                              | 149            |
| Profit attributable to non-controlling interests                               |       | -                                       | -              |
| <b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b> |       | <b>764</b>                              | 149            |
| <b>Earnings per shares</b>   |       |   |                |
|  |       | <b>Cents</b>                            | Cents          |
| Basic earnings per share (cents)   | 17    | <b>1.29</b>                             | 0.25           |
| Diluted earnings per share (cents)   | 17    | <b>1.29</b>                             | 0.25           |

The above Statement should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 31 DECEMBER 2021**

|  |       | <b>Consolidated</b> |          |
|--|-------|---------------------|----------|
|  |       | <b>2021</b>         | 2020     |
|  | Notes | <b>\$'000</b>       | \$'000   |
| <b>ASSETS</b>  |       |                     |          |
| <b>CURRENT ASSETS</b>  |       |                     |          |
| Cash and cash equivalents  | 8     | <b>301</b>          | 186      |
| Trade and other receivables                                      | 9     | <b>904</b>          | 111      |
| Asset available for sales  |       | <b>1,019</b>        | -        |
| Other current assets   | 11    | <b>128</b>          | 64       |
| <b>TOTAL CURRENT ASSETS</b>                                      |       | <b>2,352</b>        | 361      |
| <b>NON-CURRENT ASSETS</b>  |       |                     |          |
| Investment properties  | 12    | <b>30,497</b>       | 34,181   |
| Investment   |       | <b>2,255</b>        | 2,411    |
| Other assets   | 10    | <b>2</b>            | 2        |
| <b>TOTAL NON-CURRENT ASSETS</b>                                  |       | <b>32,754</b>       | 36,594   |
| <b>TOTAL ASSETS</b>  |       | <b>35,106</b>       | 36,955   |
| <b>LIABILITIES</b>   |       |                     |          |
| <b>CURRENT LIABILITIES</b>                                       |       |                     |          |
| Trade and other payables   | 13    | <b>256</b>          | 346      |
| Financial liabilities  | 14    | -                   | 11,524   |
| Accrued payable and provision                                    |       | <b>105</b>          | 91       |
| <b>TOTAL CURRENT LIABILITIES</b>                                 |       | <b>361</b>          | 11,961   |
| <b>NON-CURRENT LIABILITIES</b>                                   |       |                     |          |
| Financial liabilities  | 14    | <b>8,985</b>        | -        |
| Accrued payable and provision                                    |       | <b>44</b>           | 42       |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                             |       | <b>9,029</b>        | 42       |
| <b>TOTAL LIABILITIES</b>   |       | <b>9,390</b>        | 12,003   |
| <b>NET ASSETS</b>  |       | <b>25,716</b>       | 24,952   |
| <b>EQUITY</b>  |       |                     |          |
| Issued Capital   | 15    | <b>63,397</b>       | 63,397   |
| Reserves   | 16    | <b>5,626</b>        | 5,626    |
| Accumulated losses   | 16    | <b>(43,307)</b>     | (44,071) |
| Total equity attributable to equity holders of the parent entity |       | <b>25,716</b>       | 24,952   |
| Non-controlling interest   |       | -                   | -        |
| <b>TOTAL EQUITY</b>  |       | <b>25,716</b>       | 24,952   |

The above Statement should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2021

| Consolidated                       | Notes | Issued<br>Capital | Reserves     | Accumulated<br>Losses | Total Equity  |
|------------------------------------|-------|-------------------|--------------|-----------------------|---------------|
|                                    |       | \$'000            | \$'000       | \$'000                | \$'000        |
| <b>Balance at 1 January 2021</b>   | 15    | <b>63,397</b>     | <b>5,626</b> | <b>(44,071)</b>       | <b>24,952</b> |
| Share issued                       |       | -                 | -            | -                     | -             |
| Share issuing costs                |       | -                 | -            | -                     | -             |
| Profit for the year                |       | -                 | -            | <b>764</b>            | <b>764</b>    |
| <b>Balance at 31 December 2021</b> | 15    | <b>63,397</b>     | <b>5,626</b> | <b>(43,307)</b>       | <b>25,716</b> |
| <b>Balance at 1 January 2020</b>   |       | 63,397            | 5,626        | (44,220)              | 24,803        |
| Share issued                       |       | -                 | -            | -                     | -             |
| Share issuing costs                |       | -                 | -            | -                     | -             |
| Profit for the year                |       | -                 | -            | 149                   | 149           |
| <b>Balance at 31 December 2020</b> | 15    | <b>63,397</b>     | <b>5,626</b> | <b>(44,071)</b>       | <b>24,952</b> |

The above Statement should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CASHFLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2021

|   | Notes | Consolidated   |                |
|---|-------|----------------|----------------|
|   |       | 2021<br>\$'000 | 2020<br>\$'000 |
| <b>Cash flows from operating activities</b>                   |       |                |                |
| Receipts from customers                                       |       | 1,522          | 1,636          |
| Payments to suppliers, employees and service providers        |       | (1,531)        | (880)          |
| Interest received   |       | 10             | 1              |
| Interest paid   |       | (295)          | (352)          |
| <b>Net cash (used in) /provided by operating activities</b>   | 19    | <b>(294)</b>   | 405            |
| <b>Cash flows from investing activities</b>                   |       |                |                |
| Proceed from sale of properties                               |       | 4,800          | -              |
| Payments for investment properties improvements               |       | (125)          | (338)          |
| Payments for purchases of investments                         |       | (1,318)        | (240)          |
| Payments for property, plant and equipment                    |       | -              | -              |
| Advance to other entities                                     |       | (408)          | -              |
| Payment for deposit   |       | -              | (60)           |
| <b>Net cash provided by/ (used in) investing activities</b>   |       | <b>2,949</b>   | (638)          |
| <b>Cash flows from financing activities</b>                   |       |                |                |
| Proceeds from issuing share                                   |       | -              | -              |
| Share issuing cost  |       | -              | -              |
| Bank borrowings - repayment                                   |       | (2,540)        | 174            |
| <b>Net cash (used in) /provided by financing activities</b>   |       | <b>(2,540)</b> | 174            |
| <b>Net increase / (decrease) in cash and cash equivalents</b> |       | <b>115</b>     | (59)           |
| Cash and cash equivalents at the beginning of the year        |       | <b>186</b>     | 245            |
| <b>Cash and cash equivalents at the end of the year</b>       | 8     | <b>301</b>     | 186            |

The above Statement should be read in conjunction with the accompanying notes.



# NOTES TO FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2021

### 1. CORPORATE INFORMATION

The consolidated financial statements and notes of the Company for the year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors and covers Hudson Investment Group Limited (the **Company**) as the parent entity as well as the group consisting of Hudson Investment Group Limited and its subsidiaries as required by the *Corporations Act 2001* (the **Group**).

The consolidated financial statements and notes are presented in Australian currency.

Hudson Investment Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

### 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of preparation

This general-purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accountancy Standards Board and the *Corporations Act 2001*.

##### *Statement of Compliance*

Australian Accounting Standards ('AASBs') include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report of Hudson Investment Group Limited also complies with International Financial Reporting Standards.

##### *Critical accounting estimates and judgements*

Details of critical accounting estimates and assumptions about the future made by management at reporting date are set out below:

- Impairment of assets

The Company assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Calculations performed in assessing recoverable amounts incorporate a number of key estimates.

##### *Critical judgements*

Management have made the following judgements when applying the Group's accounting policies:

- Recognition of deferred tax assets

In line with the Group's accounting policy (Note 2f) and as disclosed in Note 7, deferred tax assets have not been recognised.

##### *Going Concern*

This financial report has been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and payments of liabilities in the normal course of business.

The directors believe the Company will be able to pay its debts as and when they fall due and to fund near term anticipated activities.

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

### *Historical cost convention*

These financial statements have been prepared on an accruals basis and are based on the historical cost convention except for where noted in these accounting policies.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

### *ASIC Class Order 98/100*

The Company is of a kind referred to in ASIC Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

### **b. Principles of consolidation**

#### *Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Hudson Investment Group Limited ("**the parent entity**") as at the reporting date and the results of all subsidiaries for the year then ended. Hudson Investment Group Limited and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. The financial performance of those entities is included only for the period of the year that they were controlled.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated Statement of Profit or Loss and Other Comprehensive Income and Statement of Financial Position respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Hudson Investment Group Limited.

### **c. Segment reporting**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Reporting to management by segments is on this basis.

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

### d. Foreign currency transactions and balances

#### (i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Australian dollars, which is Hudson Investment Group Limited's functional and presentation currency.

#### (ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Profit or Loss and Other Comprehensive Income.

#### (iii) Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Profit or Loss and Other Comprehensive Income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions);
- retained earnings are translated at the exchange rates prevailing at the date of transactions; and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, or borrowings repaid a proportionate share of such exchange differences are recognised in the Statement of Profit or Loss and Other Comprehensive Income as part of the gain or loss on the sale where applicable.

### e. Revenue recognition

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

#### *Sale of Goods*

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to buyer when goods have been delivered to the customer.

#### *Interest*

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

#### *Rental Income*

Rental income on investment properties is accounted for on a straight-line basis over the lease term. Contingent rentals are recognised as income in the periods when they are earned.

All revenue is stated net of the amount of goods and services tax (GST).

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

### f. Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly owned entities are part of a tax-consolidated group under Australian taxation law. Hudson Investment Group Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The amounts receivable/payable under tax funding arrangements are due upon notification by the entity which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiaries. These amounts are recognised as current inter-company receivables or payables.

### g. Goods and services tax (GST)

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

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST 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 are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in Statement of Cash Flows on a gross basis except for the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued****h. Cash and cash equivalents**

For the purposes of the Statement of Cash Flows, cash includes cash and cash equivalents on hand and at call deposits with banks or financial institutions, investment in money market instruments maturing within less than 3 months, net of bank overdrafts.

**i. Trade and other receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the Group will not be able to collect all amounts due according to the original terms of receivables.

**j. Inventories**

Inventories include raw materials, work in progress and finished goods.

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs are assigned to individual items of inventory on the basis of weighted average costs. 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.

**k. Impairment of assets**

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting period.

**l. Financial instruments***Recognition and initial measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

*Classification and subsequent measurement*

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

*Amortised cost* is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (d) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date. (All other loans and receivables are classified as non-current assets.)

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

### (iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after reporting date. (All other financial assets are classified as current assets.)

### (v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

### Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

### Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

### De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### m. Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by entities in the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Entities in the Group use a variety of methods and make assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to entities in the Group for similar financial instruments.

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

### n. Property, plant and equipment

Land and buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset. All other plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when 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. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to the asset revaluation reserve in equity. A revaluation surplus is credited to the asset revaluation reserve included within shareholder's equity unless it reverses a revaluation decrease on the same asset previously recognised in the Statement of Profit or Loss and Other Comprehensive Income. A revaluation deficit is recognised in the Statement of Profit or Loss and Other Comprehensive Income unless it directly offsets a previous revaluation surplus on the same asset in the asset revaluation reserve. On disposal, any revaluation reserve relating to sold assets is transferred to retained earnings. Independent valuations are performed regularly to ensure the carrying amounts of land and buildings do not differ materially from the fair value at the Statement of Financial Position date.

Land is not depreciated. Depreciation on other assets is calculated using the straight line, over their estimated useful lives, as follows:

- Plant and equipment      10 years (depreciation rate 10%)
- Buildings                      20 years (depreciation rate 5%)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2 (m)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

### o. Investment property

Investment property is held for long-term rental yields and is not occupied by the Group. Investment property is carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. These valuations are reviewed annually. Changes in fair values are recorded in the Statement of Profit or Loss and Other Comprehensive Income as part of other income.

### p. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

### q. Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and the outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.



**r. Other liabilities**

Other liabilities comprise non-current amounts due to related parties that do not bear interest and are repayable within one year of Statement of Financial Position date.

**s. Employee benefits***Wages, Salaries and Annual Leave*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within one year of Statement of Financial Position date are recognised in other liabilities in respect of employees' services rendered up to Statement of Financial Position date and are measured at amounts expected to be paid when the liabilities are settled.

*Long Service Leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy resting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows.

**t. Issued capital**

Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares or options are shown as a deduction from the equity proceeds, net of any income tax benefit.

**u. Share-based payments**

Ownership-based remuneration is provided to employees via an employee share option plan and employee share plan.

Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each Statement of Financial Position date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

**v. Earnings per share (EPS)**

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued****w. New Accounting Standards for Application**

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The group has decided against early adoption of these standards. We have reviewed these standards and interpretations and there are none having any material effect.

### 3. FINANCIAL RISK MANAGEMENT

#### a. General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Board receives reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's finance function also reviews the risk management policies and processes and report their findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility.

Further details regarding these policies are set out below.

The Group and the parent entity hold the following financial instruments:

|                              | <b>Consolidated</b> |               |
|------------------------------|---------------------|---------------|
|                              | <b>2021</b>         | <b>2020</b>   |
|                              | <b>\$'000</b>       | <b>\$'000</b> |
| <b>Financial assets</b>      |                     |               |
| <b>Current</b>               |                     |               |
| Cash and cash equivalents    | 301                 | 186           |
| Trade and other receivables  | 904                 | 111           |
| Investment                   | 1,019               | -             |
|                              | <u>2,224</u>        | <u>297</u>    |
| <b>Financial liabilities</b> |                     |               |
| <b>Current</b>               |                     |               |
| Trade and other payables     | 256                 | 346           |
| Financial liabilities        | -                   | 11,524        |
| <b>Non-current</b>           |                     |               |
| Financial liabilities        | 8,985               | -             |
|                              | <u>9,241</u>        | <u>11,870</u> |

### 3. FINANCIAL RISK MANAGEMENT continued

#### b. Credit risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group excluding the available for sale financial assets.

The maximum exposure to credit risk at balance date is the carrying amount of the financial assets, excluding the available for sale financial assets, as summarised under note(a) above.

For banks and financial institutions, only independently rated parties are accepted and each deposit account is kept to under \$1 million to ensure that it is covered by the Governments bank deposit guarantee scheme.

The maximum exposure to credit risk at balance date by country is as follows:

|           | <b>Consolidated</b> |        |
|-----------|---------------------|--------|
|           | <b>2021</b>         | 2020   |
|           | <b>\$'000</b>       | \$'000 |
| Australia | <b>1,188</b>        | 207    |
|           | <b>1,188</b>        | 207    |

#### c. Liquidity risk

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments that is, borrowing repayments. Bank loans are detailed below. The funds were provided by bankers for the Group and the Parent Company. It is the policy of the Board of Directors that treasury reviews and maintains adequate committed credit facilities and the ability to close-out market positions.

##### Maturity Analysis of financial assets

|                                | Carrying<br>Amount | Contractual<br>Cash flows | < 6 mths     | 6- 12<br>mths | 1-3 years | > 3 years |
|--------------------------------|--------------------|---------------------------|--------------|---------------|-----------|-----------|
|                                | \$'000             | \$'000                    | \$'000       | \$'000        | \$'000    | \$'000    |
| <b>Consolidated<br/>2021</b>   |                    |                           |              |               |           |           |
| <b>Current</b>                 |                    |                           |              |               |           |           |
| Cash and cash<br>equivalent    | 301                | 301                       | 301          | -             | -         | -         |
| Trade and other<br>receivables | 904                | 904                       | 400          | 504           | -         | -         |
| Investment                     | 1,019              | 1,019                     | 1,019        | -             | -         | -         |
| Total financial assets         | <b>2,224</b>       | <b>2,224</b>              | <b>1,720</b> | <b>504</b>    | -         | -         |
| <b>2020</b>                    |                    |                           |              |               |           |           |
| <b>Current</b>                 |                    |                           |              |               |           |           |
| Cash and cash<br>equivalent    | 186                | 186                       | 186          | -             | -         | -         |
| Trade and other<br>receivables | 111                | 111                       | -            | 111           | -         | -         |
| Total financial assets         | 297                | 297                       | 186          | 111           | -         | -         |

### 3. FINANCIAL RISK MANAGEMENT continued

#### Maturity Analysis of financial liabilities

|  | Carrying<br>Amount<br>\$'000 | Contractual<br>Cash flows<br>\$'000 | < 6 mths<br>\$'000 | 6- 12<br>mths<br>\$'000 | 1-3 years<br>\$'000 | > 3 years<br>\$'000 |
|--|------------------------------|-------------------------------------|--------------------|-------------------------|---------------------|---------------------|
| <b>Consolidated<br/>2021</b>                     |                              |                                     |                    |                         |                     |                     |
| <b>Current</b>                                   |                              |                                     |                    |                         |                     |                     |
| Trade and other<br>payables                      | 256                          | 256                                 | 256                | -                       | -                   | -                   |
| Financial liabilities                            | -                            | -                                   | -                  | -                       | -                   | -                   |
| <b>Non-current</b>                               |                              |                                     |                    |                         |                     |                     |
| Financial Liabilities                            | 8,985                        | 8,985                               | -                  | -                       | 8,985               | -                   |
| Total financial liabilities<br>at amortised cost | <b>9,241</b>                 | <b>9,241</b>                        | <b>256</b>         | <b>-</b>                | <b>8,985</b>        | <b>-</b>            |
| <b>2020</b>                                      |                              |                                     |                    |                         |                     |                     |
| <b>Current</b>                                   |                              |                                     |                    |                         |                     |                     |
| Trade and other<br>payables                      | 346                          | 346                                 | 210                | 136                     | -                   | -                   |
| Financial liabilities                            | 11,524                       | 11,524                              | 3,402              | 8,122                   | -                   | -                   |
| <b>Non-current</b>                               |                              |                                     |                    |                         |                     |                     |
| Financial Liabilities                            | -                            | -                                   | -                  | -                       | -                   | -                   |
| Total financial liabilities<br>at amortised cost | <b>11,870</b>                | <b>11,870</b>                       | <b>3,612</b>       | <b>8,258</b>            | <b>-</b>            | <b>-</b>            |

### 3. FINANCIAL RISK MANAGEMENT continued

#### d. Market risk

Market risk arises from the use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

##### (i) Interest rate risk

The Group does not apply hedge accounting.

The Group is constantly monitoring its exposure to trends and fluctuations in interest rates in order to manage interest rate risk.

For further details of exposure to interest rate risk refer Note 14 Financial Liabilities.

##### Sensitivity Analysis

The following tables demonstrate the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Group's profit after tax (through the impact on floating rate borrowings). There is no impact on the Group's equity.

|                               | Carrying<br>Amount<br>\$'000 | +1%<br>Interest<br>Rate<br>\$'000 | -1%<br>Interest<br>Rate<br>\$'000 |
|-------------------------------|------------------------------|-----------------------------------|-----------------------------------|
| <b>Consolidated<br/>2021</b>  |                              |                                   |                                   |
| Financial Liabilities         | 8,985                        | (90)                              | 90                                |
| Tax charge of 25%             |                              | 23                                | (23)                              |
| After tax increase/(decrease) | <u>8,985</u>                 | <u>(67)</u>                       | <u>67</u>                         |
| <b>2020</b>                   |                              |                                   |                                   |
| Financial Liabilities         | 11,524                       | (115)                             | 115                               |
| Tax charge of 26%             |                              | 30                                | (30)                              |
| After tax increase/(decrease) | <u>11,524</u>                | <u>(85)</u>                       | <u>85</u>                         |

##### (ii) Currency risk

The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency (AUD) with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them) cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In order to monitor the continuing effectiveness of this policy, the Group receives forecast, analysed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserve.

There is no foreign currency loan as at reporting date (2020: Nil).

### 3. FINANCIAL RISK MANAGEMENT continued

#### Capital risk management

In managing its capital, the Group's primary objectives are to pay dividends and maintain liquidity. These objectives dictate any adjustments to capital structure. Rather than set policies, advice is taken from professional advisors as to how to achieve these objectives. There has been no change in either of these objectives, or what is considered capital in the year.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the Group and the parent entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'Financial liabilities' and 'trade and other payables' as shown in the Statement of Financial Position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the Statement of Financial Position (including minority interest) plus net debt.

It is the Group's policy to maintain its gearing ratio at a healthy and manageable level. The Group's gearing ratio at the Statement of Financial Position date is as follows:

| Gearing ratios                        | Consolidated   |                |
|---------------------------------------|----------------|----------------|
|                                       | 2021<br>\$'000 | 2020<br>\$'000 |
| Total borrowings                      | 8,985          | 11,524         |
| Less: cash and cash equivalents       | (301)          | (186)          |
| Net borrowings                        | 8,684          | 11,338         |
| Total equity                          | 25,716         | 24,952         |
| Total capital – equity and borrowings | 34,400         | 36,290         |
| Gearing Ratio                         | 25%            | 31%            |

There have been no other significant changes to the Group's capital management objectives, policies and processes in the year nor has there been any change in what the Group considers to be its capital.

**4. REVENUE**

|               | <b>Consolidated</b> |              |
|---------------|---------------------|--------------|
|               | <b>2021</b>         | 2020         |
|               | <b>\$'000</b>       | \$'000       |
| Rental Income | 1,699               | 1,579        |
| Fee Income    | 10                  | 133          |
|               | <b>1,709</b>        | <b>1,712</b> |

**5. OTHER INCOME AND EXPENSES**

|   | <b>Consolidated</b> |             |
|---|---------------------|-------------|
|   | <b>2021</b>         | 2020        |
|   | <b>\$'000</b>       | \$'000      |
| Change in fair value of investment properties         | 442                 | -           |
| Change in fair value of investment properties project | (135)               | -           |
| Profit on disposal of properties                      | 473                 | -           |
| Doubtful debt provision and others                    | (180)               | (61)        |
|   | <b>600</b>          | <b>(61)</b> |

**6. EXPENSES**

|   | <b>Consolidated</b> |              |
|---|---------------------|--------------|
|   | <b>2021</b>         | 2020         |
|   | <b>\$'000</b>       | \$'000       |
| The profit/(loss) before income tax is arrived after (charging)/crediting the following specific amounts: |                     |              |
| <b>a. Cost of providing services and administration expenses</b>  |                     |              |
| Consulting and professional expenses  | (259)               | (116)        |
| Director and Employee on costs  | (317)               | (350)        |
| Legal expenses  | (27)                | (83)         |
| Other administration expenses   | (253)               | (294)        |
|   | <b>(856)</b>        | <b>(843)</b> |
| <b>b. Finance income</b>  |                     |              |
| Interest received   | 127                 | 93           |
| <b>c. Finance expenses</b>  |                     |              |
| Interest paid – bank loan   | (295)               | (352)        |
| Others  | (33)                | (2)          |
|   | <b>(328)</b>        | <b>(354)</b> |



**7. INCOME TAX****a. Income tax expense**

|  | <b>Consolidated</b> |        |
|--|---------------------|--------|
|  | <b>2021</b>         | 2020   |
|  | <b>\$'000</b>       | \$'000 |
| <b>Income tax expense</b>                  |                     |        |
| Current tax expense                        | -                   | -      |
| Deferred tax expense                       | -                   | -      |
| Total income tax expense/(benefit)         | -                   | -      |
| <b>Deferred tax expense</b>                |                     |        |
| Increase in deferred tax expense/(benefit) | -                   | -      |

**b. Numerical reconciliation of income tax to prima facie tax payable**

|   |             |      |
|---|-------------|------|
| Profit/(loss) from continuing operations before income tax expense                                | <b>764</b>  | 149  |
| Income tax expense (benefit) calculated @ 25% (2020:26%)  | <b>191</b>  | 39   |
| Deferred tax expenses relating to partly owned subsidiaries outside of the tax consolidated group |             |      |
| Temporary differences not brought to account  | <b>(97)</b> | 6    |
| Recoupment of prior year tax losses not previously brought to account                             | <b>(94)</b> | (45) |
| Income tax expense/(benefit) at effective tax rate of 25% (2020: 26%)                             | -           | -    |

**c. Amounts recognised directly in equity**

Aggregate current and deferred tax arising during the reporting period and not recognised in profit and loss but directly debited or credited to equity:

|   |   |   |
|---|---|---|
| <i>Current income tax</i>   | - | - |
| Current income tax on transaction costs of issuing equity instruments | - | - |

**7. INCOME TAX continued****d. Unrecognised deferred tax assets and liabilities**

|  | <b>Consolidated</b> |        |
|--|---------------------|--------|
|  | <b>2021</b>         | 2020   |
|  | <b>\$'000</b>       | \$'000 |
| The unrecognised deferred tax assets of the Group include \$3,425,613 (2020: \$3,799,185) in relation to carried forward tax losses and \$5,540,341 (2020: \$6,013,210) in relation to carried forward capital losses. |                     |        |
| Deferred tax assets and liabilities have not been recognised in the statement of financial position for the following items:   |                     |        |
| Prior year unrecognised tax losses now ineligible due to change in tax consolidation group   | -                   | -      |
| Other deductible temporary differences/permanent differences and tax losses  | -                   | 24     |
|  | -                   | 24     |
| Potential benefit/(expense) at 25% (2020: 26%)   | -                   | 6      |

**e. Deferred tax assets**

Deferred tax assets comprise temporary differences attributable to:

Amounts recognised in profit and loss

Tax losses

Amounts recognised directly in equity

Share issue expenses

|   |   |
|---|---|
| - | - |
| - | - |
| - | - |

**f. Deferred tax liabilities**

Deferred tax liabilities comprise temporary differences attributable to:

Amounts recognised directly in equity

Revaluations of land and buildings

Amounts recognised in profit and loss

Capitalised development costs

|   |   |
|---|---|
| - | - |
| - | - |
| - | - |

**8. CASH & CASH EQUIVALENTS**

|                                 | <b>Consolidated</b> |            |
|---------------------------------|---------------------|------------|
|                                 | <b>2021</b>         | 2020       |
|                                 | <b>\$'000</b>       | \$'000     |
| Cash at bank and on hand        | <b>301</b>          | 136        |
| Cash held in trust accounts     | -                   | 50         |
|                                 | <b>301</b>          | <b>186</b> |
|                                 |                     |            |
| Weighted average interest rates | <b>0.00%</b>        | 0.00%      |

**9. TRADE AND OTHER RECEIVABLES**

|                                    | <b>Consolidated</b> |            |
|------------------------------------|---------------------|------------|
|                                    | <b>2021</b>         | 2020       |
|                                    | <b>\$'000</b>       | \$'000     |
| <b>Current</b>                     |                     |            |
| Trade receivables (note a)         | <b>274</b>          | 87         |
| Less: Provision for doubtful debts | <b>(258)</b>        | (74)       |
|                                    | <b>16</b>           | 13         |
|                                    |                     |            |
| Deposit                            | <b>114</b>          | 120        |
| Other receivables (note b)         | <b>364</b>          | (22)       |
| Advance to other entities (note c) | <b>410</b>          | -          |
|                                    | <b>904</b>          | <b>111</b> |

**a. Trade receivables past due but not impaired**

|                | <b>Consolidated</b> |           |
|----------------|---------------------|-----------|
|                | <b>2021</b>         | 2020      |
|                | <b>\$'000</b>       | \$'000    |
| Up to 3 months | <b>(39)</b>         | (92)      |
| 3 to 6 months  | <b>313</b>          | 179       |
|                | <b>274</b>          | <b>87</b> |

**b. Other receivables**

These amounts relate to receivables for GST and deposit paid.

**c. Advance to other entities and parties**

One interest bearing secured loan of \$0.41 million (2020: \$nil million) was advanced to a related entity, Hudson Marketing Pty Ltd. The loan was fully settled in January 2022. None were written down during the year.

Refer to note 25 for details.

**d. Advances to controlled entities**

There are no advances to controlled entities that are past due but not impaired as measurement is tied to recoverability. The advances are non-interest bearing and with no securities.

**e. Fair value and credit risk***Current trade and other receivables*

Due to the short-term nature of these receivables their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

**10. OTHER ASSETS**

|   | <b>Consolidated</b> |          |
|---|---------------------|----------|
|   | <b>2021</b>         | 2020     |
|   | <b>\$'000</b>       | \$'000   |
| <b>Non-Current</b>  |                     |          |
| Development cost - investment in acquiring one property and related costs | <b>1,387</b>        | 1,387    |
| Provision for diminution in value   | <b>(1,385)</b>      | (1,385)  |
|   | <u><b>2</b></u>     | <u>2</u> |

**11. OTHER CURRENT ASSETS**

|             | <b>Consolidated</b> |           |
|-------------|---------------------|-----------|
|             | <b>2021</b>         | 2020      |
|             | <b>\$'000</b>       | \$'000    |
| Prepayments | <b>128</b>          | 60        |
| Others      | -                   | 4         |
|             | <u><b>128</b></u>   | <u>64</u> |

**12. INVESTMENT PROPERTIES**

|                                     | <b>Consolidated</b> |        |
|-------------------------------------|---------------------|--------|
|                                     | <b>2021</b>         | 2020   |
|                                     | <b>\$'000</b>       | \$'000 |
| <b>Non-current</b>                  |                     |        |
| Investment properties at fair value | <b>30,497</b>       | 34,181 |
|                                     | <b>30,497</b>       | 34,181 |

**a. Valuation basis**

The basis of the valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The revaluations were based on a combination of independent assessments made by a member of the Australian Property Institute and directors' valuations.

|   | <b>Consolidated</b> |        |
|---|---------------------|--------|
|   | <b>2021</b>         | 2020   |
|   | <b>\$'000</b>       | \$'000 |
| Investment properties at fair value     |                     |        |
| Independent valuation                   | <b>30,425</b>       | 34,475 |
| Director valuation                      | <b>450</b>          | -      |
| Capital works and improvements          | <b>254</b>          | 338    |
| Accumulated depreciation and impairment | <b>(632)</b>        | (632)  |
|   | <b>30,497</b>       | 34,181 |

**b. Reconciliation**

A reconciliation of the carrying amount of investment properties at the beginning and end of the current financial year is set out below:

|                                    | <b>Consolidated</b> |        |
|------------------------------------|---------------------|--------|
|                                    | <b>2021</b>         | 2020   |
|                                    | <b>\$'000</b>       | \$'000 |
| <b>At fair value</b>               |                     |        |
| Balance at beginning of year       | <b>34,181</b>       | 33,843 |
| Disposal of land and building      | <b>(4,148)</b>      | -      |
| Capital Works and improvement      | <b>22</b>           | 338    |
| Change in fair value               | <b>442</b>          | -      |
| Carrying amount at end of the year | <b>30,497</b>       | 34,181 |

**c. Amounts recognised in Statement of Profit or Loss and Other Comprehensive Income for investment properties**

|                            | <b>Consolidated</b> |        |
|----------------------------|---------------------|--------|
|                            | <b>2021</b>         | 2020   |
|                            | <b>\$'000</b>       | \$'000 |
| Rental and services income | <b>1,699</b>        | 1,579  |
| Property running expenses  | <b>488</b>          | 398    |

**d. Non-current assets pledged as security**

Refer to Note 14 for information on non-current assets pledged as security by the parent entity or its controlled entities.

**13. TRADE AND OTHER PAYABLES**

|                           | <b>Consolidated</b> |            |
|---------------------------|---------------------|------------|
|                           | <b>2021</b>         | 2020       |
|                           | <b>\$'000</b>       | \$'000     |
| <b>Current</b>            |                     |            |
| <b>Unsecured</b>          |                     |            |
| Trade and other creditors | 201                 | 200        |
| Other payables            | 55                  | 146        |
|                           | <u>256</u>          | <u>346</u> |

**14. FINANCIAL LIABILITIES**

|                                     | <b>Consolidated</b> |               |
|-------------------------------------|---------------------|---------------|
|                                     | <b>2021</b>         | 2020          |
|                                     | <b>\$'000</b>       | \$'000        |
| <b>Current</b>                      |                     |               |
| <b>Secured</b>                      |                     |               |
| Lease and hire purchase liabilities | -                   | -             |
| Bank loan                           | -                   | 11,524        |
| <b>Total Current</b>                | <u>-</u>            | <u>11,524</u> |
| <b>Non-Current</b>                  |                     |               |
| <b>Secured</b>                      |                     |               |
| Lease and hire purchase liabilities | -                   | -             |
| Bank loan                           | 8,985               | -             |
| <b>Total Non-Current</b>            | <u>8,985</u>        | <u>-</u>      |

**Security for borrowings**

Bank loan is secured by first mortgages over the Group's land and properties and fixed charges over assets of the Group. The loans are repayable in 2023 and 2024. The interest rate is fixed at 2.3% (2020: 2.6%).

The facilities are subject to an annual review and compliance of financial covenants.

**Assets pledged as security**

The carrying amounts of non-current assets pledged as security are:

|                                | <b>Consolidated</b> |               |
|--------------------------------|---------------------|---------------|
|                                | <b>2021</b>         | 2020          |
|                                | <b>\$'000</b>       | \$'000        |
| Land and Investment Properties | 30,497              | 34,181        |
|                                | <u>30,497</u>       | <u>34,181</u> |

The fair value of borrowings is equivalent to the carrying amounts of loans liabilities.

**Risk exposure**

Information about the Group's exposure to interest rate changes is provided in Note 3.

**15. ISSUED CAPITAL**

|                                    | Consolidated and<br>Parent Entity |                          | Consolidated and<br>Parent Entity |                |
|------------------------------------|-----------------------------------|--------------------------|-----------------------------------|----------------|
|                                    | 2021<br>Shares<br>Number          | 2020<br>Shares<br>Number | 2021<br>\$'000                    | 2020<br>\$'000 |
| <b>Share capital</b>               |                                   |                          |                                   |                |
| Ordinary shares                    | <b>59,359,935</b>                 | 59,359,935               | <b>63,397</b>                     | 63,397         |
| <b>a. Movement during the year</b> |                                   |                          |                                   |                |
| Balance at beginning of the year   | <b>59,359,935</b>                 | 59,359,935               | <b>63,397</b>                     | 63,397         |
| Share issued                       | -                                 | -                        | -                                 | -              |
| Share issuing cost                 | -                                 | -                        | -                                 | -              |
| Balance at the end of the year     | <b>59,359,935</b>                 | 59,359,935               | <b>63,397</b>                     | 63,397         |

**b. Terms and conditions**

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

**c. Options**

There are no unissued ordinary shares of the Company under option at the date of this report.

**d. Performance Options**

No options were granted and issued during this year.

**16. RESERVES AND ACCUMULATED LOSSES****a. Reserves**

|   | <b>Consolidated</b> |         |
|---|---------------------|---------|
|   | <b>2021</b>         | 2020    |
|   | <b>\$'000</b>       | \$'000  |
| Asset revaluation reserve                   | <b>1,141</b>        | 1,141   |
| Capital reserve                             | <b>5,751</b>        | 5,751   |
| Foreign currency translation reserve        | <b>(1,266)</b>      | (1,266) |
|   | <b>5,626</b>        | 5,626   |
| <b>Movements in reserves</b>                |                     |         |
| <i>Asset revaluation reserve</i>            |                     |         |
| Balance at start of period                  | <b>1,141</b>        | 1,141   |
| Business combination movement               | -                   | -       |
| Balance at the end of period                | <b>1,141</b>        | 1,141   |
| <i>Capital Profits Reserve</i>              |                     |         |
| Balance at start of period                  | <b>5,751</b>        | 5,751   |
| Business combination movement               | -                   | -       |
| Balance at the end of period                | <b>5,751</b>        | 5,751   |
| <i>Foreign currency translation reserve</i> |                     |         |
| Balance at start of period                  | <b>(1,266)</b>      | (1,266) |
| Currency translation differences            | -                   | -       |
| Balance at the end of period                | <b>(1,266)</b>      | (1,266) |

The asset revaluation reserve records increments and decrements on the revaluation of individual parcels of land and buildings. The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law, net of capital gains tax payable.

The foreign currency translation reserve is used to record exchange differences on translation of foreign controlled subsidiaries. The reserve is recognised in the Statement of Profit or Loss and Other Comprehensive Income when the investment is disposed of.

**b. Accumulated losses**

|                                      | <b>Consolidated</b> |          |
|--------------------------------------|---------------------|----------|
|                                      | <b>2021</b>         | 2020     |
|                                      | <b>\$'000</b>       | \$'000   |
| Balance at the beginning of the year | <b>(44,071)</b>     | (44,220) |
| Profit for the year                  | <b>764</b>          | 149      |
| Balance at the end of the year       | <b>(43,307)</b>     | (44,071) |



**17. EARNINGS / (LOSS) PER SHARE**

|   | <b>2021</b>       | 2020       |
|---|-------------------|------------|
|   | <b>Cents</b>      | Cents      |
| Basic earnings per share  | <b>1.29</b>       | 0.25       |
| Diluted earnings per share  | <b>1.29</b>       | 0.25       |
|   | <b>2021</b>       | 2020       |
|   | <b>\$'000</b>     | \$'000     |
| Profit used in calculating basic and diluted earnings/(loss) per share  | <b>764</b>        | 149        |
|   | <b>2021</b>       | 2020       |
|   | <b>Shares</b>     | Shares     |
| Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share    | <b>59,359,935</b> | 59,359,935 |
| Adjustments for calculation of diluted earnings per share   | -                 | -          |
| Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share. | <b>59,359,935</b> | 59,359,935 |

**18. OPERATING SEGMENTS**

The Consolidated Entity's primary reporting format is business segments and its secondary reporting format is geographical segments.

**Business segments**

The Consolidated entity is organised into the following divisions by product and service type.

*Property investment & development*

Development and administration of industrial property in eastern Australia.

**Geographical segments**

All business segments operate principally within Australia.

**Accounting policies**

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings.

**Inter-segment transfers**

Segment revenues, expenses and results include transfers between segments. All other intersegment transfers are priced on an "arm's-length" basis and are eliminated on consolidation.

**18. OPERATING SEGMENTS continued****Primary reporting – business segments**

|   | Property<br>investment &<br>development | Investment<br>Services | Intersegment<br>eliminations/<br>unallocated | Consolidated |
|---|---|------------------------|--|--------------|
|   | \$'000                                  | \$'000                 | \$'000                                       | \$'000       |
| <b>2021</b>                             |   |                        |  |              |
| Sales to external customers             | 1,699                                   | 10                     | -  | 1,709        |
| Intersegment sales                      | -                                       | -                      | -  | -            |
| <b>Total sales revenue</b>              | <b>1,699</b>                            | <b>10</b>              | <b>-</b>                                     | <b>1,709</b> |
| Other revenue                           | -                                       | -                      | -  | -            |
| <b>Total segment revenue</b>            | <b>1,699</b>                            | <b>10</b>              | <b>-</b>                                     | <b>1,709</b> |
| <b>Segment result</b>                   |   |                        |  |              |
| Profit/(loss) before tax                | 889                                     | (125)                  | -  | 764          |
| Tax expense                             | -                                       | -                      | -  | -            |
| <b>Net profit/(loss)</b>                | <b>889</b>                              | <b>(125)</b>           | <b>-</b>                                     | <b>764</b>   |
| Segment assets                          | 31,832                                  | 3,274                  | -  | 35,106       |
| Segment liabilities                     | 9,390                                   | -                      | -  | 9,390        |
| Acquisition of non-current assets       | 125                                     | 1,318                  | -  | 1,443        |
| Depreciation and amortisation expense   | -                                       | -                      | -  | -            |
| <b>2020</b>                             |   |                        |  |              |
| Sales to external customers             | 1,592                                   | 120                    | -  | 1,712        |
| Intersegment sales                      | -                                       | -                      | -  | -            |
| <b>Total sales revenue</b>              | <b>1,592</b>                            | <b>120</b>             | <b>-</b>                                     | <b>1,712</b> |
| Other revenue                           | -                                       | -                      | -  | -            |
| <b>Total segment revenue</b>            | <b>1,592</b>                            | <b>120</b>             | <b>-</b>                                     | <b>1,712</b> |
| <b>Segment result</b>                   |   |                        |  |              |
| Profit/(loss) before income tax expense | 149                                     | -                      | -  | 149          |
| -                                       | -                                       | -                      | -  | -            |
| <b>Net profit/(loss)</b>                | <b>149</b>                              | <b>-</b>               | <b>-</b>                                     | <b>149</b>   |
| Segment assets                          | 34,544                                  | 2,411                  | -  | 36,955       |
| Segment liabilities                     | 12,003                                  | -                      | -  | 12,003       |
| Acquisition of non-current assets       | 338                                     | 240                    | -  | 578          |
| Depreciation and amortisation expense   | -                                       | -                      | -  | -            |

**19. CASH FLOW INFORMATION****a. Reconciliation of net cash provided by/(used in) from operating activities**

|  | <b>Consolidated</b> |        |
|--|---------------------|--------|
|  | <b>2021</b>         | 2020   |
|  | <b>\$'000</b>       | \$'000 |
| <b>Profit/(Loss) for the year</b>                          | <b>764</b>          | 149    |
| Change in fair value of investment properties              | <b>(442)</b>        | -      |
| Profit on disposal of investment properties                | <b>(473)</b>        | -      |
| Doubtful debt and investment provision                     | <b>315</b>          | -      |
| <b>Change in operating assets and liabilities:</b>         |                     |        |
| (Increase)/decrease in trade and other receivables         | <b>(298)</b>        | (44)   |
| (Increase)/decrease in other current assets                | <b>(69)</b>         | 55     |
| Increase/(decrease) in trade and other creditors           | <b>(91)</b>         | 245    |
| (Increase) in deferred tax assets                          | -                   | -      |
| Increase in deferred tax liabilities                       | -                   | -      |
| <b>Net cash provided by/(used in) operating activities</b> | <b>(294)</b>        | 405    |

**b. Significant non-cash transactions**

No other significant non-cash transactions occurred during the year.

**20. CONTROLLED ENTITIES**

| Name of entity                   | Class of Share/unit | Equity Holding |      | Country of formation or incorporation |
|----------------------------------|---------------------|----------------|------|---------------------------------------|
|                                  |                     | 2021           | 2020 |                                       |
|                                  |                     | %              | %    |                                       |
| HTH Holdings Pty Limited         | Ordinary            | <b>100</b>     | 100  | Australia                             |
| Hudson Property Group Limited    | Ordinary            | <b>100</b>     | 100  | Australia                             |
| HSC Property Pty Limited         | Ordinary            | <b>100</b>     | 100  | Australia                             |
| Hudson Land Pty Limited          | Ordinary            | <b>100</b>     | 100  | Australia                             |
| Halloran Properties Pty Ltd      | Ordinary            | <b>100</b>     | 100  | Australia                             |
| Hudson Bowen Hill Pty Ltd        | Ordinary            | <b>100</b>     | 100  | Australia                             |
| HSC Property 1 Pty Ltd           | Ordinary            | <b>100</b>     | 100  | Australia                             |
| Halloran Property 1 Pty Ltd      | Ordinary            | <b>100</b>     | 100  | Australia                             |
| Halloran Properties Unit Trust   | Ordinary            | <b>100</b>     | 100  | Australia                             |
| Halloran Properties 1 Unit Trust | Ordinary            | <b>100</b>     | 100  | Australia                             |

## 21. CONTINGENT ASSETS AND LIABILITIES

### Deed of Cross Guarantee

As at 31 December 2021, Hudson Investment Group Limited, HTH Holdings Pty Ltd, Hudson Property Group Limited, HSC Property Pty Limited, Hudson Land Pty Ltd, Halloran Properties Pty Ltd and Hudson Bowen Hills Pty Ltd entered a Deed of Cross Guarantee under which each Company guarantees the debts of the others.

By entering into the deed, the wholly owned entities have been relieved from the requirement to prepare a financial report and Directors' report under Class Order 98/1418 (as amended by Class Order 98/2017) issued by the Australian Securities & Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Hudson Investment Group Limited, they also represent the 'Extended Closed Group'. These consolidated financial statements for the year ended 31 December 2021 represent those of the "Closed Group".

## 22. EVENTS OCCURRING AFTER BALANCE DATE

Hudson Investment Group has exercised the Option to purchase the remaining 70% of the Regent Street Property located at 43 Regent Street, Woolloongabba QLD 4102 for consideration \$2.8 million. After exercising the option, the Company owns 100% of the Regent Street Property.

At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 31 December 2021 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2021 of the Group;
- The results of those operations; or
- The state of affairs in financial years subsequent to 31 December 2021 of the Group.

**23. PARENT ENTITY FINANCIAL INFORMATION****a. Summary financial information**

The individual financial statements for the parent entity show the following aggregate amounts:

|  | <b>Parent Entity</b> |          |
|--|----------------------|----------|
|  | <b>2021</b>          | 2020     |
|  | <b>\$'000</b>        | \$'000   |
| <b>Statement of Financial Position</b>                             |                      |          |
| Asset  |                      |          |
| Current assets   | <b>692</b>           | 29       |
| Non-current asset  | <b>16,724</b>        | 17,310   |
| Total assets   | <b>17,416</b>        | 17,339   |
| Current liabilities  | <b>183</b>           | 215      |
| Non-Current liabilities  | <b>3,648</b>         | 2,999    |
| Total liabilities  | <b>3,831</b>         | 3,214    |
| <b>Shareholder's equity</b>  |                      |          |
| Issued Capital   | <b>63,397</b>        | 63,397   |
| Reserves   | -                    | -        |
| Accumulated losses   | <b>(49,812)</b>      | (49,272) |
| Total equity   | <b>13,585</b>        | 14,125   |
| <b>Statement of Profit and Loss and Other Comprehensive Income</b> |                      |          |
| Profit/(Loss) for the year   | <b>(540)</b>         | (924)    |
| Total comprehensive profit/(loss)                                  | <b>(540)</b>         | (924)    |

**b. Guarantees entered into by the parent entity**

Hudson Investment Group Limited has provided guarantees to several wholly owned controlled entities within the Group. No liability was recognised by Hudson Investment Group Limited in relation to these guarantees as the likelihood of payment is not probable.

**c. Contingent liabilities of the parent entity**

Refer to note 21.

**d. Contractual commitments by the parent entity for the acquisition of property, plant and equipment.**

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment.

**24. KEY MANAGEMENT PERSONNEL DISCLOSURES****a. Directors**

The following persons were Directors of Hudson Investment Group Limited during the financial year unless otherwise stated:

|                   |                        |                       |
|-------------------|------------------------|-----------------------|
| John W Farey      | Non-Executive Director | Appointed 1 Feb 2002  |
| Alan P Beasley    | Managing Director      | Appointed 19 Jan 2015 |
| Wei Huang         | Executive Director     | Appointed 4 June 2019 |
| John J Foley      | Non-Executive Director | Appointed 6 Aug 2014  |
| Dr Cheng Fong Han | Non-Executive Director | Appointed 1 June 2017 |

**b. Other key management personnel**

The following persons were key management personnel of Hudson Investment Group Limited during the financial year:

|                   |                               |                         |
|-------------------|-------------------------------|-------------------------|
| Vincent Tan       | Director of controlled entity |                         |
| Henry Kinstlinger | Joint Company Secretary       | Appointed 16 March 2016 |
| Mona Esapournoori | Joint Company Secretary       | Appointed 5 June 2018   |
| Francis Choy      | Chief Financial Officer       |                         |

**24. KEY MANAGEMENT PERSONNEL DISCLOSURES continued****c. Compensation of Directors and other key management personnel**

|                          | Short Term Employee Benefits |                       | Post-Employment | Long Term Benefits | Total          |
|--------------------------|------------------------------|-----------------------|-----------------|--------------------|----------------|
|                          | Salary and other fees        | Non-Monetary Benefits | Superannuation  | Long Service Leave |                |
|                          | \$                           | \$                    | \$              | \$                 | \$             |
| <b>Consolidated 2021</b> |                              |                       |                 |                    |                |
| <b>Directors</b>         |                              |                       |                 |                    |                |
| Alan P Beasley*          | 170,000                      | -                     | -               | -                  | 170,000        |
| John W Farey             | 12,000                       | -                     | -               | -                  | 12,000         |
| Wei Huang                | 210,000                      | -                     | -               | -                  | 210,000        |
| John J Foley             | -                            | -                     | -               | -                  | -              |
| Dr Cheng Fong            | -                            | -                     | -               | -                  | -              |
| <b>Director - Total</b>  | <b>392,000</b>               | <b>-</b>              | <b>-</b>        | <b>-</b>           | <b>392,000</b> |
| <b>KMP</b>               |                              |                       |                 |                    |                |
| Vincent Tan              | 120,000                      | -                     | -               | -                  | 120,000        |
| Henry Kinstlinger        | -                            | -                     | -               | -                  | -              |
| Mona Esapournoori        | 2,000                        | -                     | 200             | 32                 | 2,232          |
| Francis Choy             | 120,000                      | -                     | 11,700          | 1,984              | 133,684        |
| <b>KMP - Total</b>       | <b>242,000</b>               | <b>-</b>              | <b>11,900</b>   | <b>2,016</b>       | <b>255,916</b> |
| <b>2020</b>              |                              |                       |                 |                    |                |
| <b>Directors</b>         |                              |                       |                 |                    |                |
| Alan P Beasley           | 150,000                      | -                     | -               | -                  | 150,000        |
| John W Farey             | 12,000                       | -                     | -               | -                  | 12,000         |
| Wei Huang                | 150,000                      | -                     | -               | -                  | 150,000        |
| John J Foley             | -                            | -                     | -               | -                  | -              |
| Dr Cheng Fong            | -                            | -                     | -               | -                  | -              |
| <b>Director - Total</b>  | <b>312,000</b>               | <b>-</b>              | <b>-</b>        | <b>-</b>           | <b>312,000</b> |
| <b>KMP</b>               |                              |                       |                 |                    |                |
| Henry Kinstlinger        | -                            | -                     | -               | -                  | -              |
| Mona Esapournoori        | -                            | -                     | -               | -                  | -              |
| Francis Choy             | 50,000                       | -                     | 4,750           | 663                | 55,413         |
| <b>KMP - Total</b>       | <b>50,000</b>                | <b>-</b>              | <b>4,750</b>    | <b>663</b>         | <b>55,413</b>  |

The amounts reported represent the total remuneration paid by entities in the Group in relation to managing the affairs of all the entities within the Group. The remuneration has not been allocated between the individual entities within the Group as this would not be practicable.

\*Mr Beasley received director fee \$150,000 and consulting fee \$20,000

There are no performance conditions related to any of the above payments.

There is no other element of Directors and other Key Management Personnel remuneration.

**24. KEY MANAGEMENT PERSONNEL DISCLOSURES CONTINUED****d. Shareholdings and option holdings of key management personnel****Shares held in Hudson Investment Group Limited**

The numbers of shares in the Company held during the financial year by each director of Hudson Investment Group Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

**Direct and indirect interest in ordinary shares**

| <b>Ordinary Shares<br/>Direct Interest</b>   | <b>Balance at start<br/>of year<br/>shares</b> | <b>Changes during<br/>the year<br/>shares</b> | <b>Balance at end<br/>of year<br/>shares</b> |
|--|--|---|--|
| <b>2021</b>                                  |  |   |  |
| <b>Directors</b>                             |  |   |  |
| John W Farey                                 | 1,000  | -   | 1,000  |
| Alan P Beasley                               | 160,000  | (160,000)                                     | -  |
| Wei Huang                                    | -  | -   | -  |
| John J Foley                                 | -  | -   | -  |
| Dr. Cheng Fong Han                           | -  | -   | -  |
| <b>2020</b>                                  |  |   |  |
| <b>Directors</b>                             |  |   |  |
| John W Farey                                 | 1,000  | -   | 1,000  |
| Alan P Beasley                               | 160,000  | -   | 160,000                                      |
| Wei Huang                                    | -  | -   | -  |
| John J Foley                                 | -  | -   | -  |
| Dr. Cheng Fong Han                           | -  | -   | -  |
| <b>Ordinary Shares<br/>Indirect Interest</b> | <b>Balance at start<br/>of year<br/>shares</b> | <b>Changes during<br/>the year<br/>shares</b> | <b>Balance at end<br/>of year<br/>shares</b> |
| <b>2021</b>                                  |  |   |  |
| <b>Directors</b>                             |  |   |  |
| John W Farey                                 | -  | -   | -  |
| Alan P Beasley                               | -  | 160,000                                       | 160,000                                      |
| Wei Huang                                    | 6,000,000                                      | -   | 6,000,000                                    |
| John J Foley                                 | -  | -   | -  |
| Dr. Cheng Fong Han                           | -  | -   | -  |
| <b>2020</b>                                  |  |   |  |
| <b>Directors</b>                             |  |   |  |
| John W Farey                                 | -  | -   | -  |
| Alan P Beasley                               | -  | -   | -  |
| Wei Huang                                    | 6,000,000                                      | -   | 6,000,000                                    |
| John J Foley                                 | -  | -   | -  |
| Dr. Cheng Fong Han                           | -  | -   | -  |

No options over unissued shares were granted during the year and no options have been granted in the period since the end of the financial year and to the date of this report. At the date of this report there were no unissued shares in the capital of the Company under option.

**e.****Loans to key management personnel**

There was no loan made to Directors and other Key Management Personnel (**KMP**) of Hudson Investment Group Limited during the year.

**25. RELATED PARTY DISCLOSURES****a. Parent entities**

The parent entity and ultimate Australian parent entity is Hudson Investment Group Limited (the Company).

**b. Subsidiaries**

Interests in subsidiaries are disclosed in Note 20.

**c. Key management personnel compensation**

Key management personnel compensation information is disclosed in Note 24.

**d. Transactions with related parties**

The following transactions occurred with related parties during the year

|   | <b>Consolidated</b> |             |
|---|---------------------|-------------|
|   | <b>2021</b>         | <b>2020</b> |
|   | <b>\$</b>           | <b>\$</b>   |
| <b>Corporate services fee paid</b>        |                     |             |
| - Paid to Hudson Asset Management Pty Ltd | <b>120,000</b>      | 150,000     |
| - Paid to Hudson Resources Ltd            | <b>80,000</b>       | -           |
| <b>Property Management fee paid</b>       |                     |             |
| - Paid to Hudson Asset Management Pty Ltd | <b>8,621</b>        | 8,302       |
| <b>Investment</b>                         |                     |             |
| - Investment in Hudson Property Trust     | <b>1,019,078</b>    | -           |

**Corporate services fee paid**

The Group paid corporate services fee to Hudson Asset Management Pty Limited of \$120,000 (2020: \$150,000) as payment of recoveries for office rent and administration and running expenses incurred on behalf of the group under corporate service agreement.

The Group paid corporate services fee to Hudson Resources Limited of \$80,000 (2020: \$nil) as payment of services rendered.

**Property Management fee paid**

The Group paid property management fee of \$8,602 (2020: \$8,302) to Hudson Asset Management Pty Limited for managing its Warnervale Industrial Property.

**Investment**

The Group invested 4% in Hudson Property Trust (owner of Macquarie Street carpark) for \$1.09 million (2020: \$nil). The investment was disposed in January 2022.



**25. RELATED PARTY DISCLOSURES CONTINUED****e. Outstanding balances**

The following balances are outstanding at the reporting date in relation to transaction with related parties:

|                              | <b>Consolidated</b> |       |
|------------------------------|---------------------|-------|
|                              | <b>2021</b>         | 2020  |
|                              | <b>\$000</b>        | \$000 |
| <b>Payable</b>               |                     |       |
| Related Entities             | -                   | -     |
| <b>Receivable</b>            |                     |       |
| Related entity               | <b>1,567</b>        | 1,153 |
| Related entity               | <b>410</b>          | -     |
| Related entity               | <b>60</b>           | -     |
| Provision for doubtful debts | -                   | -     |

Hudson Investment Group Limited invested in Regent Property Trust interest bearing loan note \$1.56 million (2020: \$1.15 million). None was written down during the year.

Hudson Investment Group Limited advanced Hudson Marketing Pty Ltd interest bearing loan note \$0.41 million (2020: nil million). The advance was fully repaid in January 2022. None was written down during the year.

The Group advanced Hudson Property Trust interest bearing loan note \$0.06 million (2020: nil million). None was written down during the year. The advance was fully repaid in early 2022.

**f. Guarantees**

No guarantees were given or received from related parties during the year.

**g. Terms and conditions**

All transactions were made on normal commercial terms and conditions and at market interest rates, except that there are no fixed terms or repayment of loans between the parties.

**26. REMUNERATION OF AUDITORS**

|  | <b>Consolidated</b> |        |
|--|---------------------|--------|
|  | <b>2021</b>         | 2020   |
|  | <b>\$</b>           | \$     |
| <b>Audit services:</b>   |                     |        |
| Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group   |                     |        |
| Audit and review services fees   | <b>24,690</b>       | 26,295 |
| <b>Taxation and other advisory services:</b>   |                     |        |
| Amounts paid or payable to the Auditor for non-audit taxation services for the entity or any entity in the Group for review and lodgement of the income tax return |                     |        |
| Taxation services  | <b>2,995</b>        | 2,895  |
| Advisory services  | -                   | -      |
| Total  | <b>27,685</b>       | 29,190 |

## DECLARATION BY DIRECTORS

The directors of the Company declare that:

1. The financial statements, comprising the statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards which as stated in accounting policy note 1 to the financial statements, constitutes explicit and unreserved compliance with international Financial Reporting Standards (IFRS); and
  - (b) give a true and fair view of the financial position as at 31 December 2021 and of the performance for the year ended on that date of the Company and the Group.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included on pages 11 to 13 of the Directors' Report (as part of audited Remuneration Report), for the year ended 31 December 2021, comply with section 300A of the *Corporations Act 2001*.
4. The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A.

The entities identified in Note 20 are parties to the deed of cross guarantee under which each company guarantees the debts of the others. At the date of this declaration there are reasonable grounds to believe that the companies which are parties to this deed of cross guarantee will as a Group be able to meet any obligations or liabilities to which they are, or may become, subject to, by virtue of the deed of cross guarantee described in Note 21.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



**Wei Huang**  
Executive Director



**Alan Beasley**  
Managing Director

Sydney  
22 March 2022

# INDEPENDENT AUDITORS' REPORT

Level 6  
350 Kent Street  
SYDNEY NSW 2000

75 Lyons Road  
DRUMMOYNE NSW 2047

**K.S. Black & Co.**

ABN 46 117 620 556

20 Grose Street  
North Parramatta NSW 2151

PO Box 2210  
North Parramatta NSW 1750

## INDEPENDENT AUDITOR'S REPORT

To the Members of the Hudson Investment Group Limited

### Opinion

We have audited the financial report of Hudson Investment Group Limited (the company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and *the Corporations Regulations 2001*.

### Basis of opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those Standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

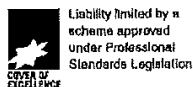
We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

### Key audit matters

We have determined the matters described below to be the key audit matters to be communicated in our report.

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Standards Legislation



## INDEPENDENT AUDITORS' REPORT CONTINUED

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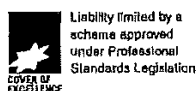
20 Grose Street  
North Parramatta NSW 2151

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North Parramatta NSW 1750

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| Key audit matter  | How our audit addressed the key audit matter  |
|---|---|
| <p><b>Investment Properties</b></p> <p>Refer to note 12 - Investment Properties.</p> <p>At 31 December 2021, the Group has investment properties valued at \$30.49mil.</p> <p>Additionally, the investment properties represent 86% of the total value of assets of the Group and are therefore a key audit matter.</p> | <p><b>Our procedures included, amongst others:</b></p> <ul style="list-style-type: none"> <li>We have relied upon the independent valuation report dated 11 June 2021 prepared by qualified valuers pursuant to AASB 116(32).</li> <li>We have relied upon the independent valuation report dated 10 June 2021 prepared by qualified valuers pursuant to AASB 116(32).</li> <li>With respect to discounted cash flow (DCF) that underpinned the independent valuation reports for the Warnervale properties, we have performed sensitivity analysis of revenues that have been impacted by COVID-19.</li> <li>Where the DCF has been impacted by our sensitivity analysis, we have been able to confirm management's 'fair value' adjustments and carrying amounts through the examination of similar properties in the area allowing for the impact of COVID-19 on the DCF adjusted fair values.</li> <li>We have confirmed that the property located at 41-47 Bowen Hills Queensland has been recorded at cost and management's 'fair value' adjustments and carrying amounts through the examination of similar properties in the area.</li> <li>We have reviewed the Group's discounted cash flow (DCF) provided by management and verified the inputs in the DCF with current tenancy agreements (rental income) and other holding costs having regard to the impact of COVID-19 level rental income.</li> <li>We have considered impairment pursuant to AASB 136 and concluded that the recoverable amount exceeds the carrying amount in the financial statements.</li> <li>We have confirmed the Group's ownership of the land and buildings and there were no breaches of existing debt covenants.</li> <li>We have tested management representations relating to projected rental incomes, and costs underpinning management's assessment of 'fair value' included in the cash flow forecast provided by management.</li> </ul> |

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## INDEPENDENT AUDITORS' REPORT CONTINUED

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| Key audit matter  | How our audit addressed the key audit matter   |
|---|--|
| <p><b>Financial Liabilities</b></p> <p>Refer to note 14 – Financial Liabilities.</p> <p>At 31 December 2021, the Group has financial liabilities of \$8.9 mil.</p> <p>This is a key audit issue because the debt of \$8.9mil is material to the net assets for the Group.</p> | <p><b>Our procedures included, amongst others:</b></p> <ul style="list-style-type: none"> <li>We reviewed the loan documents and confirmed the expiry date of the debt facility and also confirmed that there have been no breaches of debt covenants.</li> <li>We have not sighted any documentation from the bank demanding that the loan be repaid.</li> <li>We have obtained management representations confirming that the bank.</li> </ul> |

### Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

### Directors' responsibility for the financial report

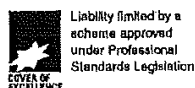
The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the presentation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibility for the audit of the financial report

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

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## INDEPENDENT AUDITORS' REPORT CONTINUED

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A further description of our representation of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

### Report on the Remuneration Report Opinion on the Remuneration Report


We have audited the Remuneration Report include in pages 11 to 13 of the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report for the year ended 31 December 2021 complies with section 300A of the Corporation Act 2001.

### Responsibilities

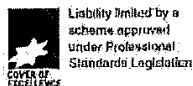
The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

KS Black & Co  
Chartered Accountants



Scott Bennison  
Partner  
Dated: 22 March 2022  
Sydney

Phone 02 8839 3000  
Fax 02 8839 3055



## SHAREHOLDER INFORMATION

As at 28 February 2022

### A. Substantial Holders

Those shareholders who have lodged notice advising substantial shareholding under the *Corporations Act 2001* are as follows:

| Shareholder                         | No. of Shares | % held |
|-------------------------------------|---------------|--------|
| RafflesCo Limited                   | 9,020,000     | 15.20  |
| Millennium Investment Group Pty Ltd | 6,500,000     | 10.95  |
| Waytex Australia Pty Ltd            | 6,000,000     | 10.11  |
| Raffles Nominees Pty Limited        | 5,523,796     | 9.31   |
| YLH Investment Pty Ltd              | 3,500,000     | 5.90   |
| ZY Capital Pty Ltd                  | 3,000,000     | 5.05   |

### B. Distribution of Equity Securities

| Range                 | Total Holders | Units             | % of Issued Capital |
|-----------------------|---------------|-------------------|---------------------|
| 1 - 1,000             | 265           | 66,271            | 0.11                |
| 1,001 - 5,000         | 89            | 230,358           | 0.39                |
| 5,001 - 10,000        | 29            | 236,433           | 0.40                |
| 10,001 - 100,000      | 36            | 1,329,561         | 2.24                |
| 100,001 and above     | 32            | 57,497,312        | 96.86               |
| <b>Rounding Total</b> | <b>451</b>    | <b>59,359,935</b> | <b>100.00</b>       |

### C. Unmarketable Parcels

|  | Minimum Parcel size | Holders | Units  |
|--|---------------------|---------|--------|
| Minimum \$500.00 parcel at \$0.33 per unit | 1,516               | 281     | 87,782 |

### D. Twenty Largest Shareholders

The names of the twenty largest holders of quotes equity securities aggregated are listed below:

| Rank   | Name   | Unit              | % of Unit    |
|--|--|-------------------|--------------|
| 1  | RAFFLESCO LIMITED                                  | 9,020,000         | 15.20        |
| 2  | MILLENNIUM INVESTMENT GROUP PTY LTD                | 6,500,000         | 10.95        |
| 3  | WAYTEX AUSTRALIA PTY LTD                           | 6,000,000         | 10.11        |
| 4  | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED          | 5,720,000         | 9.64         |
| 5  | CITICORP NOMINEES PTY LIMITED                      | 5,719,345         | 9.64         |
| 6  | RAFFLES NOMINEES PTY LIMITED                       | 5,523,796         | 9.31         |
| 7  | YLH INVESTMENT PTY LTD                             | 3,500,000         | 5.90         |
| 8  | ZY CAPITAL PTY LTD                                 | 3,000,000         | 5.05         |
| 9  | JT CAPITAL PTY LTD                                 | 1,538,337         | 2.59         |
| 10   | MR AARON LANGLEY                                   | 1,500,000         | 2.53         |
| 11   | PACIFIC PORTFOLIO INVESTMENTS PTY LTD              | 1,334,422         | 2.25         |
| 12   | G & H BRASHER PTY LTD <THE BRASHER SUPER FUND A/C> | 1,200,000         | 2.02         |
| 13   | MS KOON LIN VENUS CHIU                             | 1,160,000         | 1.95         |
| 14   | LIP KOON HWANG                                     | 1,000,000         | 1.68         |
| 15   | MILLENNIUM PROPERTY INVESTMENTS PTY LTD            | 558,600           | 0.94         |
| 16   | JT CAPITAL HOLDINGS PTY LTD                        | 555,766           | 0.94         |
| 17   | SEI HAN TAN  | 500,000           | 0.84         |
| 18   | AZHAR HEWITTSSEN ARIFFIN BIN IBRAHIM               | 442,500           | 0.75         |
| 19   | MS RACHEL ZHI TING TAN                             | 374,300           | 0.63         |
| 20   | LION CAPITAL MANAGEMENT LTD                        | 342,860           | 0.58         |
| <b>Totals: Top 20 holders of FULLY PAID SHARES</b> |  | <b>55,489,926</b> | <b>93.50</b> |

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