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# 2023 ANNUAL REPORT

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<b>Contents</b>	<b>Page</b>
Corporate Directory	4
Chairman's Report	5
Review of Operations	6
Directors' Report	8
Remuneration Report - Audited	13
Auditor's Independence Declaration	18
Corporate Governance Statement	19
Consolidated Statement of Profit or Loss and Other Comprehensive Income	32
Consolidated Statement of Financial Position	33
Consolidated Statement of Changes in Equity	34
Consolidated Statement of Cashflows	35
Notes to Financial Statements	36
Declaration by Directors	72
Independent Auditors' Report	73
Shareholder Information	80

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## CORPORATE DIRECTORY

### Hudson Investment Group Limited

ACN 004 683 729  
ABN 25 004 683 729

### Registered and Corporate Office

Level 5  
52 Phillip Street  
Sydney NSW 2000  
Australia  
Telephone: +61 2 9251 7177  
Fax: +61 2 9251 7500  
Email: [corporate@higl.com.au](mailto:corporate@higl.com.au)  
Website: [www.higl.com.au](http://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  
Pin Chua  
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

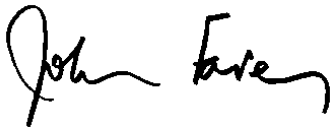
I present to you the Annual Report for Hudson Investment Group Limited ASX: HGL, (the Company) for the twelve months to 31 December 2023. The Company recorded a consolidated net profit after tax of \$0.18 million for the year ending 31 December 2023.

The improvement from the last financial year is indicative of steady operations from the Company's Warnervale properties, and increased valuations for the Company's property portfolio.

During the course of the year, the Company continued to concentrate on developing its current property portfolio. 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. In addition, the approval of the strata subdivision of the Warnervale property has allowed for more flexibility for the Company to further develop and add value to its assets.

Looking to the future, 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 contributions and dedication. Their loyal support together with the continuing involvement of shareholders of the Company is both highly valued and appreciated.



**John W Farey**  
**Non-Executive Chairman**  
26 March 2024

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## REVIEW OF OPERATIONS

### ABOUT HUDSON INVESTMENT GROUP LTD

Hudson Investment Group Ltd (**HGL**) is an ASX-listed Company focusing on industrial, residential and commercial property development, and currently owns the following properties:

- Unit 2, 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**)

### CORPORATE HIGHLIGHTS

- HGL has increased lease income and a long-term tenant for Unit 2, 171-175 Sparks Road, Halloran New South Wales.
- 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.

### WARNERVALE PROPERTY

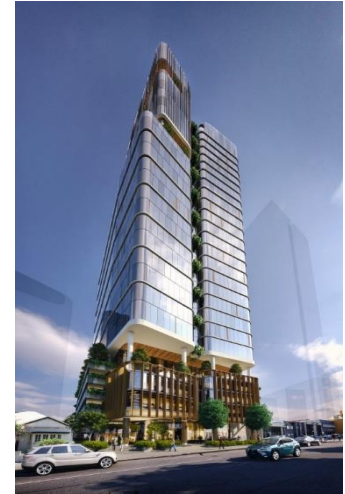
- Bunnings Frame and Truss business has leased the Warnervale site for over 20 years. Bunnings have a strong reputation in the construction industry and there are plans to expand operations. HGL has sufficient additional land to satisfy Bunnings growth ambitions.
- HGL was able to negotiate an extension of Bunnings current lease till December 2026 at an increased rental. In December 2026, Bunnings have a further 2, 5 year lease options.
- It is satisfying to HGL to have the stability of this long term tenant.



Warnervale Property – industrial land

**BOWEN HILLS PROPERTIES**

- The site is located in Brisbane CBD fringe suburb of Bowen Hills
- In April 2021, DA for a 24-storey mixed use building was 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 further opportunities and options for development.
- Land size – 2,022m<sup>2</sup>
- Brookes Street frontage – 40.2 meters approximately
- Exhibition Street – 40.2 meters approximately



Conceptual Commercial Design

**REGENT STREET PROPERTY**

- The property currently has a DA for the construction of 54 apartments over 11 levels



Development Approved Project Design

**COMPANY FOCUS**

HGL is focused on:

- Consistent revenue streams through leased income with long term blue chip tenants;
- Further revenue and capital appreciation over currently light industrial zoned land;
- The opportunity for further potential capital appreciation through rezoning and development; and
- The opportunity for further medium and high-density commercial development.

## 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 2023.

- 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 2023 was \$0.18 million compared to a net loss after tax of \$2.39 million for the previous corresponding financial year.  
Total Shareholders' Funds as at 31 December 2023 were \$23.14 million (2022: \$22.95 million) and the Net Asset Value per share is 38.9 cents (2022: 38.6 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 6 to 7 of this Annual Report.
- Dividends** The Directors of the Company do not recommend that any amount be paid by way of dividend (2022: 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	10	10	-	-	2	2
A Beasley	10	10	-	-	2	2
Wei Huang	10	10	-	-	2	2
J Foley	10	10	-	-	2	2
Dr Cheng Fong Han	10	10	-	-	2	2
Pin Chua	10	10	-	-	2	2

**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
Pin Chua	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>	Nil
<b>Special Responsibilities</b>	Chairman of the Board Member of the Audit Committee
<b>Interests in Shares and Options</b>	Direct interest in 1,000 shares Indirect interest in 575,561 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>	Epsilon Healthcare Limited (ASX: EPN)
<b>Former Directorships in the Last Three Years of Listed Companies</b>	Nil
<b>Special Responsibilities</b>	Managing Director Member of the Audit Committee
<b>Interests in Shares and Options</b>	Direct Interest – Nil Indirect Interest – 160,000 shares

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**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>	Direct interest – Nil 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>	Citigroup Corporation Limited
<b>Former Directorships in the Last Three Years of Listed Companies</b>	Nil
<b>Special Responsibilities</b>	Member of Audit Committee Chair of the Remuneration Committee
<b>Interests in Shares and Options</b>	Direct Interest – Nil Indirect Interest - 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>	Direct Interest – Nil Indirect Interest - Nil

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**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>	Director, Tridex Pte Ltd Director, Tridex Technologies Pte Ltd
<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>	Direct Interest – Nil Indirect Interest - Nil

**Mr Pin Chua BBA****Non-Executive Director - appointed on 27 September 2022**

<b>Experience and Expertise</b>	Mr. Chua previously held positions as senior manager in corporate, investment and enterprise banking in Singapore, Malaysia, and Indonesia and has the experience, expertise, and knowledge to contribute to the Company.
<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>	Direct Interest – Nil Indirect Interest - Nil

**MANAGEMENT****Vincent Tan****Director – Controlled entities**

<b>Experience and Expertise</b>	Vincent Tan is a chartered accountant and has over the past 40 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.
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**Henry Kinstlinger****Joint Company Secretary – Appointed 16 March 2016**

<b>Experience and Expertise</b>	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.
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**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.

**MATTERS SUBSEQUENT TO BALANCE DATE**

At the date of this report there are no other matters or circumstances that have arisen since 31 December 2023 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2023 of the Group;
- The results of those operations; or
- The state of affairs, in financial years subsequent to 31 December 2023 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 8.

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
- Pin Chua                         Non-Executive Director

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

- Vincent Tan                      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</b>					
<b>2023</b>					
<b>Directors</b>					
John W Farey	12,000	-	-	-	12,000
Alan P Beasley *	150,000	-	-	-	150,000
Wei Huang **	180,000	-	-	-	180,000
John J Foley	-	-	-	-	-
Dr Cheng Fong Han	-	-	-	-	-
Pin Chua	-	-	-	-	-
<b>Director - Total</b>	<b>342,000</b>	-	-	-	<b>342,000</b>
<b>KMP</b>					
Vincent Tan	-	-	-	-	-
Henry Kinstlinger	-	-	-	-	-
Mona Esapournoori	12,000	-	1,290	200	13,490
Francis Choy	120,000	-	12,900	1,984	134,884
<b>KMP - Total</b>	<b>132,000</b>	-	<b>14,190</b>	<b>2,184</b>	<b>148,374</b>
<b>2022</b>					
<b>Directors</b>					
Alan P Beasley *	150,000	-	-	-	150,000
John W Farey	12,000	-	-	-	12,000
Wei Huang **	210,000	-	-	-	210,000
John J Foley	-	-	-	-	-
Dr Cheng Fong Han	-	-	-	-	-
Pin Chua***	-	-	-	-	-
<b>Director - Total</b>	<b>372,000</b>	-	-	-	<b>372,000</b>
<b>KMP</b>					
Vincent Tan	90,000	-	-	-	90,000
Henry Kinstlinger	-	-	-	-	-
Mona Esapournoori	12,000	-	1,230	200	13,430
Francis Choy	120,000	-	12,300	1,985	134,285
<b>KMP - Total</b>	<b>222,000</b>	-	<b>13,530</b>	<b>2,185</b>	<b>237,715</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 p.a. and consulting fee \$nil

\*\*Mr Huang received director fee \$150,000 p.a. (2022: \$150,000 p.a.) and consultancy fee \$30,000 (2022: \$60,000) via related entity

\*\*\*Mr Pin Chua - appointed 27 September 2022

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 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 one service agreement in place formalising the terms of remuneration of Mr Huang. The agreement has no specific term, remunerated in \$150,000 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 employment service agreement in place formalising the terms of remuneration of Mr Choy. The agreement has no specific term, remunerated in \$120,000 p.a plus on costs 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 employment service agreement in place formalising the terms of remuneration of Ms Esapournoori. The agreement has no specific term, remunerated in \$10,000 p.a plus on costs 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 \$nil (2022: \$90,000 p.a) and had been terminated in 2022.

**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 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**

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**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	Indirect Interest	Employee Share Plan	Options
<b>Director</b>				
John Farey	1,000	575,561	-	-
Alan Beasley	-	160,000	-	-
Wei Huang	-	6,000,000	-	-
John J Foley	-	-	-	-
Dr Cheng Fong Han	-	-	-	-
Pin Chua	-	-	-	-

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 18.

**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>2023</b>	<b>2022</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		
Review services fee	<b>10,450</b>	9,725
Audit fee	<b>17,450</b>	16,225
<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>3,395</b>	3,145
Advisory services	-	-
Total	<b>31,295</b>	29,095

**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.



**Alan Beasley**  
Managing Director

Signed at Sydney  
26 March 2024



**Wei Huang**  
Executive Director

# AUDITOR'S INDEPENDENCE DECLARATION

Level 6  
360 Kent Street  
SYDNEY NSW 2000

76 Lyons Road  
DRUMMOYNE NSW 2047

## K.S. Black & Co.

ABN 48 117 820 656

20 Grose Street  
North Parramatta NSW 2151

PO Box 2210  
North Parramatta NSW 1760

### *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 2023 there has been:

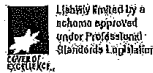
- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

K.S. Black & Co  
Chartered Accountants

*Phillip Jones*  
Phillip Jones  
Partner

Dated in Sydney on this 26<sup>th</sup> day of March 2024.

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## 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.

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

PRINCIPLE		Response
<b>PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>		
1.1	<p>A listed entity should have and disclose a board charter setting out:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p><b>Complies.</b></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">www.higl.com.au</a></p>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and</p> <p>(b) 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><b>Complies.</b></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>
1.3	<p>A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p><b>Complies.</b></p> <p>Not all Directors have written agreement setting out the terms of their appointment. The Company will endeavour to finalise these agreements shortly.</p>
1.4	<p>The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p><b>Complies.</b></p> <p>The Company Secretary has been appointed and is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.</p>
1.5	<p>A listed entity should:</p> <p>(a) have and disclose a diversity policy;</p> <p>(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and</p> <p>(c) disclose in relation to each reporting period:</p> <p>(1) the measurable objectives set for that period to achieve gender diversity;</p> <p>(2) the entity's progress towards achieving those objectives; and</p>	<p><b>Complies.</b></p> <p>The Diversity Policy is disclosed on the Company's website.</p> <p>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.</p> <p>The Company has gender-diversity at various levels of management. However, the Company has not reported diversity metrics in the FY22 Annual Report. The Company will consider providing this disclosure in future Annual Reports.</p>

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	<p>(3) either:</p> <p>(A) the respective proportions of men and women on the board, in senior executive positions and across the whole workforce (including how the entity has defined “senior executive” for these purposes); or</p> <p>(B) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</p> <p>If the entity was in the S&amp;P / ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.</p>	
<p>1.6</p>	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><b>Will comply.</b></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>
<p>1.7</p>	<p>A listed entity should:</p> <p>(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and</p> <p>(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.</p>	<p><b>Complies.</b></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 BE EFFECTIVE AND ADD VALUE</b>		
2.1	<p>The board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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; or</p> <p>(b) if it does not have a nomination committee, 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.</p>	<p><b>Does not comply.</b></p> <p>The Company does not have a nomination committee.</p> <p>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.</p> <p>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.</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills that the board currently has or is looking to achieve in its membership.</p>	<p><b>Does not yet comply.</b></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>
2.3	<p>A listed entity should disclose:</p> <p>(a) the names of the directors considered by the board to be independent directors;</p> <p>(b) if a director has an interest, position, affiliation or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position or relationship in question and an explanation of why the board is of that opinion; and</p> <p>(c) the length of service of each director.</p>	<p><b>Complies</b></p> <p>The Company's independent directors are Mr John Farey, Mr John Foley, Dr Cheng Fong Han and Mr Pin Chua.</p> <p>The independence of the directors and length of service of each director are set out in the Company's annual report.</p> <p>Details of any relevant interest, position, association or relationship impacting upon a director's independence are set out in the Company's annual report.</p>
2.4	<p>A majority of the board of a listed entity should be independent directors.</p>	<p><b>Complies.</b></p> <p>The Company has six directors. Four of these directors are non- executive directors.</p>

2.5	The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	<b>Complies.</b>  The chair is an independent director and is a different person to the CEO of the entity.
2.6	A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.	<b>Does not yet comply.</b>  Currently the induction of new directors and plan for professional development is managed informally by the full Board.  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 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY</b>		
3.1	A listed entity should articulate and disclose its values.	<b>Complies.</b>  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 breaches of the Code.  The Code of Conduct is available on the Company's website.
3.2	A listed entity should:  (a) have and disclose a code of conduct for its directors, senior executives and employees; and  (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  (c) any other material breaches of that code that call into question the culture of the organisation.	<b>Complies.</b>  The Company's Corporate Governance Plan includes a Code of Conduct, which discloses the specific responsibility and accountability of ABx directors, senior executives and employees.  The Code of Conduct can be viewed at the Company's website <a href="http://www.higl.com.au">www.higl.com.au</a>
3.3	A listed entity should:  (a) have and disclose a whistleblower policy; and  (b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.	<b>Complies.</b>  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.  The whistleblower policy can be viewed at the Company's website <a href="http://www.higl.com.au">www.higl.com.au</a>

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3.4	<p>A listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have and disclose an anti-bribery and corruption policy; and</li> <li>(b) ensure that the board or committee of the board is informed of any material breaches of that policy.</li> </ul>	<p><b>Complies.</b></p> <p>The Company's Corporate Governance Plan includes an 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">www.higl.com.au</a></p>
<b>PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS</b>		
4.1	<p>The board of a listed entity should:</p> <ul style="list-style-type: none"> <li>(a) have an audit committee which: <ul style="list-style-type: none"> <li>(1) has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and</li> <li>(2) is chaired by an independent director, who is not the chair of the board,</li> </ul> </li> </ul> <p>and disclose:</p> <ul style="list-style-type: none"> <li>(3) the charter of the committee;</li> <li>(4) the relevant qualifications and experience of the members of the committee; and</li> <li>(5) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</li> </ul> <ul style="list-style-type: none"> <li>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</li> </ul>	<p><b>Partially complies.</b></p> <p>The board has established an audit and risk committee Charter.</p> <p>Members of the committee comprise the whole board of directors.</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>
4.2	<p>The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, 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.</p>	<p><b>Complies.</b></p> <p>The Board requires the Chief Executive Officer and the Chief Financial Officer to provide such a statement before approving the entity's financial statements for a financial period.</p>

4.3	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.	<p><b>Complies.</b></p> <p>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.</p>
<b>PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE</b>		
5.1	A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.	<p><b>Complies.</b></p> <p>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.</p> <p>The Company's continuous disclosure policy can be viewed at the Company's website.</p>
5.2	A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	<p><b>Complies.</b></p>
5.3	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.	<p><b>Complies.</b></p>
<b>PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS</b>		
6.1	A listed entity should provide information about itself and its governance to investors via its website.	<p><b>Complies.</b></p> <p>The Company has provided specific information about itself and its key personnel and has developed a comprehensive Corporate Governance Plan.</p> <p>Details can be found at the Company's website.</p>
6.2	A listed entity should have an investor relations program that facilitates effective two-way communication with investors.	<p><b>Complies.</b></p> <p>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.</p> <p>Details of the Shareholder's Communication Policy can be found on the Company's website.</p>
6.3	A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.	<p><b>Complies.</b></p> <p>The Shareholder's Communication Policy is available on the Company's website and details are set out in the Company's annual report.</p>
6.4	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.	<p><b>Complies.</b></p>

6.5	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	<p><b>Complies.</b></p> <p>The Company has provided the option to receive communications from, and send communications to, the entity and its security registry electronically.</p>
<b>PRINCIPLE 7 – RECOGNISE AND MANAGE RISK</b>		
7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity’s risk management framework.</p>	<p><b>Complies.</b></p> <p>The Board has established an audit and risk committee to oversee risk which is comprised of the whole Board.</p> <p>Details of the number of times the committee met and the individual attendances of the members at those meetings is set out in the Company’s annual report.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place.</p>	<p><b>Complies.</b></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>

7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its governance, risk management and internal control processes.</p>	<p><b>Does not yet comply.</b></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>
7.4	<p>A listed entity should disclose whether it has any material exposure to environmental or social risks and, if it does, how it manages or intends to manage those risks.</p>	<p><b>Complies.</b></p> <p>The Company has an Audit and Risk committee appointed to manage economic sustainability and risk. In addition to this the Company also has an Environmental and Social Charter on its website, and manages environmental and social sustainability risks accordingly.</p>
<b>PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY</b>		
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(1) has at least three members, a majority of whom are independent directors; and</p> <p>(2) is chaired by an independent director,</p> <p>and disclose:</p> <p>(3) the charter of the committee;</p> <p>(4) the members of the committee; and</p> <p>(5) 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; or</p> <p>(b) if it does not have a remuneration committee, 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><b>Does not yet comply due to the size of the Company.</b></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>

8.2	A listed 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><b>Complies.</b></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>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) 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</p> <p>(b) disclose that policy or a summary of it.</p>	<p><b>Complies.</b></p> <p>The Company's Policy on Dealing with Company Securities 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 Company's Share Trading Policy can be viewed on the Company's website.</p>
<b>PRINCIPLE 9 – ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES</b>		
9.1	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.	<p><b>We do not have a director in this position and therefore this recommendation is not applicable.</b></p>
9.2	A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	<p><b>We do not have a director in this position and therefore this recommendation is not applicable.</b></p>
9.3	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.	<p><b>We do not have a director in this position and therefore this recommendation is not applicable.</b></p>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	Consolidated	
		2023 \$'000	2022 \$'000
Revenue	4	1,480	1,768
Cost of services		(487)	(425)
Other income and expenses	5	910	(2,338)
Cost of providing services and administration expenses	6	(914)	(1,027)
Finance income	6	7	4
Finance expenses	6	(814)	(375)
<b>PROFIT / (LOSS) BEFORE INCOME TAX</b>		<b>182</b>	<b>(2,393)</b>
Income tax	7	-	-
<b>PROFIT / (LOSS) AFTER TAX</b>		<b>182</b>	<b>(2,393)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income		-	-
Tax expenses		-	-
Other comprehensive income after tax		-	-
Total comprehensive income		182	(2,393)
Profit attributable to non-controlling interests		-	-
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY</b>		<b>182</b>	<b>(2,393)</b>
<b>Earnings per shares</b>			
		<b>Cents</b>	Cents
Basic earnings per share (cents)	16	0.31	(4.03)
Diluted earnings per share (cents)	16	0.31	(4.03)

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2023

	Notes	Consolidated	
		2023	2022
		\$'000	\$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	8	599	112
Trade and other receivables	9	(129)	(23)
Other current assets	10	290	132
<b>TOTAL CURRENT ASSETS</b>		<b>760</b>	<b>221</b>
<b>NON-CURRENT ASSETS</b>			
Investment properties	11	35,821	34,474
<b>TOTAL NON-CURRENT ASSETS</b>		<b>35,821</b>	<b>34,474</b>
<b>TOTAL ASSETS</b>		<b>36,581</b>	<b>34,695</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	223	530
Accrued payable and provision		66	75
Financial liabilities	13	4,200	6,885
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,489</b>	<b>7,490</b>
<b>NON-CURRENT LIABILITIES</b>			
Accrued payable and provision		27	47
Financial liabilities	13	8,925	4,200
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>8,952</b>	<b>4,247</b>
<b>TOTAL LIABILITIES</b>		<b>13,441</b>	<b>11,737</b>
<b>NET ASSETS</b>		<b>23,140</b>	<b>22,958</b>
<b>EQUITY</b>			
Issued Capital	14	63,397	63,397
Reserves	15	5,261	5,261
Accumulated losses	15	(45,518)	(45,700)
Total equity attributable to equity holders of the parent entity		23,140	22,958
Non-controlling interest		-	-
<b>TOTAL EQUITY</b>		<b>23,140</b>	<b>22,958</b>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

<b>Consolidated</b>	<b>Notes</b>	<b>Issued Capital</b>	<b>Reserves</b>	<b>Accumulated Losses</b>	<b>Total Equity</b>
		<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Balance at 1 January 2023</b>	14	<b>63,397</b>	<b>5,261</b>	<b>(45,700)</b>	<b>22,958</b>
Share issued		-	-	-	-
Share issuing costs		-	-	-	-
Profit for the year		-	-	<b>182</b>	<b>182</b>
<b>Balance at 31 December 2023</b>	14	<b>63,397</b>	<b>5,261</b>	<b>(45,518)</b>	<b>23,140</b>
Balance at 1 January 2022		63,397	5,626	(43,307)	25,716
Share issued		-	-	-	-
Share issuing costs		-	-	-	-
Profit / (loss) for the year		-	-	(2,393)	(2,393)
Business combination		-	(365)	-	(365)
Balance at 31 December 2022	14	63,397	5,261	(45,700)	22,958

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

**CONSOLIDATED STATEMENT OF CASHFLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2023**

	Notes	<b>Consolidated</b>	
		<b>2023</b>	2022
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers		<b>1,504</b>	1,378
Payments to suppliers, employees and service providers		<b>(1,271)</b>	(902)
Interest received		<b>7</b>	6
Interest paid		<b>(686)</b>	(373)
<b>Net cash (used in) / provided by operating activities</b>	18	<b>(446)</b>	109
<b>Cash flows from investing activities</b>			
Proceed from sale of properties		-	1,019
Payments for investment properties improvements		<b>(831)</b>	(1,025)
Payments for purchases of investments		-	(2,800)
Repayment / (Advance) to other entities		-	408
<b>Net cash (used in) / provided by investing activities</b>		<b>(831)</b>	(2,398)
<b>Cash flows from financing activities</b>			
Proceeds from issuing share		-	-
Share issuing cost		-	-
Bank borrowings		<b>1,764</b>	2,100
<b>Net cash provided by / (used in) financing activities</b>		<b>1,764</b>	2,100
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>487</b>	(189)
Cash and cash equivalents at the beginning of the year		<b>112</b>	301
<b>Cash and cash equivalents at the end of the year</b>	8	<b>599</b>	112

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

# NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

## 1. CORPORATE INFORMATION

The consolidated financial statements and notes of the Company for the year ended 31 December 2023 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.

- Fair value of Investment Property (Note 11)

#### *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.

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## 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.

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

**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.

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

**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. 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.

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

### k. 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.

*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.)

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

*(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.

## 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES continued

### i. 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.

### m. 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.

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

**o. 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.

**p. 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.

**q. 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.

**r. 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.

**s. 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.

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

**u. 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.

**v. 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>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Financial assets</b>		
<b>Current</b>		
Cash and cash equivalents	599	112
Trade and other receivables	(129)	(23)
	470	89
<b>Financial liabilities</b>		
<b>Current</b>		
Trade and other payables	223	530
Financial liabilities	4,200	6,885
<b>Non-current</b>		
Financial liabilities	8,925	4,200
	13,348	11,615

### 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 \$0.25 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>2023</b>	2022
	<b>\$'000</b>	\$'000
Australia	<b>100</b>	278
	<b>100</b>	278

#### 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

	<b>Carrying Amount</b>	<b>Contractual Cash flows</b>	<b>&lt; 6 mths</b>	<b>6- 12 mths</b>	<b>1-3 years</b>	<b>&gt; 3 years</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Consolidated 2023</b>						
<b>Current</b>						
Cash and cash equivalent	599	599	599	-	-	-
Trade and other receivables	(129)	(129)	(129)	-	-	-
Total financial assets	<b>470</b>	<b>470</b>	<b>470</b>	-	-	-
<b>2022</b>						
<b>Current</b>						
Cash and cash equivalent	112	112	112	-	-	-
Trade and other receivables	(23)	(23)	-	-	-	-
Total financial assets	<b>89</b>	<b>89</b>	<b>112</b>	-	-	-

## 3. FINANCIAL RISK MANAGEMENT continued

## Maturity Analysis of financial liabilities

	Carrying Amount \$'000	Contractual Cash flows \$'000	< 6 mths \$'000	6- 12 mths \$'000	1-3 years \$'000	> 3 years \$'000
<b>Consolidated 2023</b>						
<b>Current</b>						
Trade and other payables	223	223	223	-	-	-
Financial liabilities	4,200	4,200	-	4,200	-	-
<b>Non-current</b>						
Financial Liabilities	8,925	8,925	-	-	8,925	-
Total financial liabilities at amortised cost	<b>13,348</b>	<b>13,348</b>	<b>223</b>	<b>4,200</b>	<b>8,925</b>	<b>-</b>
<b>2022</b>						
<b>Current</b>						
Trade and other payables	530	530	530	-	-	-
Financial liabilities	6,885	6,885	-	6,885	-	-
<b>Non-current</b>						
Financial Liabilities	4,200	4,200	-	-	4,200	-
Total financial liabilities at amortised cost	<b>11,615</b>	<b>11,615</b>	<b>530</b>	<b>6,885</b>	<b>4,200</b>	<b>-</b>

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### 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 Amount \$'000	+1% Interest Rate \$'000	-1% Interest Rate \$'000
<b>Consolidated</b>			
<b>2023</b>			
Financial Liabilities	13,125	(131)	131
Tax charge of 25%	-	33	(33)
After tax increase/(decrease)	<u>13,125</u>	<u>(98)</u>	<u>98</u>
<b>2022</b>			
Financial Liabilities	11,085	(111)	111
Tax charge of 25%		28	(28)
After tax increase/(decrease)	<u>11,085</u>	<u>(83)</u>	<u>83</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 (2022: 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	
	2023 \$'000	2022 \$'000
Total borrowings	13,125	11,085
Less: cash and cash equivalents	(599)	(112)
Net borrowings	12,526	10,973
Total equity	23,140	22,958
Total capital – equity and borrowings	35,666	33,931
Gearing Ratio	35%	32%

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>2023</b>	2022
	<b>\$'000</b>	\$'000
Rental Income	1,470	1,766
Service Fee Income	10	2
	<b>1,480</b>	<b>1,768</b>

**5. OTHER INCOME AND EXPENSES**

	<b>Consolidated</b>	
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
Change in fair value of investment properties	774	(1,860)
Change in fair value of investment properties project	-	2
Doubtful debt provision and others	-	(480)
Insurance compensation	136	-
	<b>910</b>	<b>(2,338)</b>

**6. EXPENSES**

	<b>Consolidated</b>	
	<b>2023</b>	2022
	<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	(121)	(323)
Director and Employee on costs	(511)	(336)
Legal expenses	(12)	(113)
Other administration expenses	(270)	(255)
	<b>(914)</b>	<b>(1,027)</b>
<b>b. Finance income</b>		
Interest received	7	4
<b>c. Finance expenses</b>		
Interest paid – bank loan	(789)	(373)
Others	(25)	(2)
	<b>(814)</b>	<b>(375)</b>

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

	<b>Consolidated</b>	
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>Income tax expense</b>		
Current tax expense	-	-
Deferred tax expense	-	-
Total income tax expense/(benefit)	<u>-</u>	<u>-</u>
<b>Deferred tax expense</b>		
Increase in deferred tax expense/(benefit)	<u>-</u>	<u>-</u>

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

Profit / (loss) from continuing operations before income tax	<u><b>182</b></u>	<u>(2,393)</u>
Income tax expense (benefit) calculated @ 25% (2022:25%)	<b>46</b>	(598)
Deferred tax expenses relating to partly owned subsidiaries outside of the tax consolidated group		
Temporary differences not brought to account	<b>(226)</b>	428
Recoupment of prior year tax losses not previously brought to account	-	-
Tax losses not brought to account	<u><b>180</b></u>	<u>170</u>
Income tax expense/(benefit) at effective tax rate of 25% (2022: 25%)	<u>-</u>	<u>-</u>

**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	-	-

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

<b>2023</b>	<b>2022</b>
<b>\$'000</b>	<b>\$'000</b>

The unrecognised deferred tax assets of the Group include \$4,809,515 (2022: \$4,087,515) in relation to carried forward tax losses and \$5,540,341 (2022: \$5,540,341) 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

<b>(904)</b>	<b>681</b>
--------------	------------

<b>(904)</b>	<b>681</b>
--------------	------------

Potential benefit/(expense) at 25% (2022: 25%)

<b>(226)</b>	<b>170</b>
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**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>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and on hand	599	112
Cash held in trust accounts	-	-
	<u>599</u>	<u>112</u>
Weighted average interest rates	<b>0.04%</b>	0.00%

**9. TRADE AND OTHER RECEIVABLES**

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Trade receivables (note a)	(113)	178
Provision for doubtful debts	-	(258)
	<u>(113)</u>	<u>(80)</u>
Deposit	<b>100</b>	100
Provision	<b>(100)</b>	(100)
Other receivables (note b)	<b>(16)</b>	57
	<u>(129)</u>	<u>(23)</u>

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

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Up to 3 months	(113)	(87)
3 to 6 months	-	265
	<u>(113)</u>	<u>178</u>

**b. Other receivables**

These amounts relate to receivables for GST and deposit paid.

**c. 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.

**d. 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 CURRENT ASSETS**

	<b>Consolidated</b>	
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
Prepayment	<b>290</b>	132
Others	-	-
	<b>290</b>	<b>132</b>

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**11. INVESTMENT PROPERTIES**

	<b>Consolidated</b>	
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>Non-current</b>		
Investment properties at fair value	<b>35,821</b>	34,474
	<b>35,821</b>	34,474

**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>2023</b>	2022
	<b>\$'000</b>	\$'000
Investment properties at fair value		
Independent valuation	<b>43,950</b>	41,875
Director valuation	-	-
Acquisition cost	<b>3,225</b>	4,000
Capital works improvements and capitalised costs	<b>3,244</b>	2,671
Accumulated depreciation and impairment provision	<b>(14,598)</b>	(14,072)
	<b>35,821</b>	34,474

**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>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>At fair value</b>		
Balance at beginning of year	<b>34,474</b>	30,497
Acquisition of property	-	4,000
Capital Works and improvement	<b>573</b>	1,837
Change in fair value	<b>774</b>	(1,860)
Carrying amount at end of the year	<b>35,821</b>	34,474

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

	<b>Consolidated</b>	
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
Rental and services income	<b>1,470</b>	1,766
Property running expenses	<b>487</b>	425

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

Refer to Note 13 for information on non-current assets pledged as security by the parent entity or its controlled entities.

**e. Details of Hudson Investment Group Limited investment property portfolio**

	Ownership	Title	Asset Class	Independent Valuation		Carrying amount	
				Date	Amount \$'000	2023 \$'000	2022 \$'000
<b>Australia</b>							
<b>NSW</b>							
171-175 Sparks Rd HALLORAN – Note 1	100%	Freehold	Industrial Land	Feb-24	20,500	15,805	15,144
59 Mountain Rd WARNERVALE	100%	Freehold		Jun-22	9,125	6,300	6,300
<b>QLD</b>							
43 Regent St	100%	Freehold	Car Park	Oct-23	3,700	3,700	3,071
WOOLLOONGABBA-Note 2	100%	Freehold	Office	Jun-22	10,250	10,016	9,959
41-47 Brookes St BOWEN HILL – Note 3							
<b>Total Australian Portfolio</b>					43,575	35,821	34,474

Note 1 : The industrial property located at Halloran has a current bank valuation of \$13.85million at June 2021. A registered mortgage is secured over the property and the loan value is \$7.525million.

Note 2 : A registered mortgage is secured over the property for a loan value of \$1.4million.

Note 3 : A bank valuation of \$7.025million exists. The valuation was undertaken in June 2021.

For the October 2023 financial year, the only property subject to a revaluation was 43 Regent Street, WOOLLOONGABBA. The directors resolved to adopt a company initiated independent valuation prepared by a registered valuer totalling \$3.7million resulting in a fair value increment of \$0.774million as disclosed in Note 5 and the consolidated statement of profit and loss.

Further the registered valuer for the industrial property located at HALLORAN has adopted a 3 year income capitalisation model to support their independent valuation. However, their projected cashflow has been extrapolated and discounted on the basis that the tenants exercise two further five year options. It should be noted the industrial premises are highly specialised and suitable for the business operation of the tenant however the lease has 2 option periods incorporated into the rental contract which means they may elect to vacate in 3 years. Should the tenant elect to vacate, the income capitalisation model relied upon by the valuer will be impacted resulting in a potential fair value decrement should the group be unable to source a new tenant.

**f. Critical accounting estimates – revaluation of investment property portfolio**

Hudson Investment Group Limited investment properties, with an aggregate carrying amount of \$35.8million (2022: \$34.4million) represents a significant balance on Hudson Investment Group Limited Balance Sheet. Investment properties are measured at fair value (for accounting purposes) using valuation methods that utilise inputs based upon estimates.

All property valuations, utilise valuation models based on discounted cash flow ("DCF") models, income capitalisation models (or a combination of both) and rates per square meter for zoned land supported by recent market sales evidence. See the following note below for further information in relation to the valuation of investment properties which utilise valuation models to derive fair value.

The Group investment portfolio carrying value of \$35.8million in book represents auditor's assessed portfolio fair value amount despite independent valuation of \$43.5million.

**g. Fair value measurement**

As noted below in Hudson Investment Group Limited accounting policy, investment properties are measured at fair value. The fair value of Hudson Investment Group Limited investment properties is determined using property valuation models that rely on the use of inputs that are not based on readily observable market data. Such valuation methods for determining fair value are called level 3 fair value measurements. These valuation methods and inputs are described in more detail below.

## Valuation methodologies

<b>Income capitalisation method</b>	This method involves assessing the total net market income receivable from the property and capitalising this perpetually, using an appropriate, market derived capitalisation rate, to derive a capital value, with allowances for capital expenditure reversions such as lease incentives and required capital works payable in the near future and overs / unders when comparing market rent with passing rent.
<b>DCF method</b>	Under the DCF method, a property's fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit terminal value. The DCF method involves the projection of expected cash flows from a real property asset over a period of time (generally five years) discounted to present value using an appropriate discount rate. An exit terminal value is added to the present value of the property cash flows using an appropriate terminal yield, to derive the value of the property.

Both methods require the determination of net market rent for a particular property, being the income capitalised or used to determine the present value of cash flows from the properties.

## Unobservable inputs

<b>Annual net property income</b>	Annual net property income is the contracted amount for which the property space is leased. In the net property income, the property owner recovers outgoings from the tenant.
<b>Capitalisation rate</b>	The rate at which net market income is capitalised to determine the value of the property. The rate is determined with regard to market evidence (and the prior external valuation for internal valuations).
<b>Discount rate</b>	The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. It reflects the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. The rate is determined with regard to market evidence (and the prior external valuation for internal valuations).
<b>Terminal yield</b>	The capitalisation rate used to estimate the residual value of the cash flows associated with the investment property at the end of the expected holding period.

Changes in these unobservable inputs have the following impact on the valuation of the properties:

Inputs	Impact of increase in input of fair value	Impact of decrease in input of fair value
Annual net property income	Increase	Decrease
Capitalisation rate	Decrease	Increase
Discount rate	Decrease	Increase
Terminal yield	Decrease	Increase

Range and weighted average of unobservable inputs used in the valuation methods to determine the fair value of Hudson Investment Group Limited investment properties in the current and prior year are as follows:

	Annual net property income (\$M)		Capitalisation rate (%)		Discount rate (%)		Terminal yield (%)	
	Range	Weighted average	Range	Weighted average	Range	Weighted average	Range	Weighted average
<b>2023</b>								
Australia	0.3 – 0.7	0.5	4.5 – 8.5	6.5	7.0 – 8.0	7.5	5.7 – 7.7	6.7

## Sensitivity analysis

Significant judgement is required when assessing the fair value of investment property, especially in the current global economic environment. Owing to this significant judgement, a sensitivity analysis is included below. The sensitivity analysis shows the impact on the carrying values of directly held investment properties of an increase or decrease of 1.0% on the carrying value of the investment property portfolio.

	2023 \$M	2023 \$M
Australian portfolio	0.358	(0.358)
<b>Total</b>	<b>0.358</b>	<b>(0.358)</b>

**12. TRADE AND OTHER PAYABLES**

	<b>Consolidated</b>	
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>Current</b>		
<b>Unsecured</b>		
Trade and other creditors	149	483
Other payables	74	47
	<u>223</u>	<u>530</u>

**13. FINANCIAL LIABILITIES**

	<b>Consolidated</b>	
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>Current</b>		
<b>Secured</b>		
Bank loans	4,200	6,885
<b>Total Current</b>	<u>4,200</u>	<u>6,885</u>
<b>Non-Current</b>		
<b>Secured</b>		
Bank loans	8,925	4,200
<b>Total Non-Current</b>	<u>8,925</u>	<u>4,200</u>

**Security for borrowings**

Bank loans are secured by first mortgages over the Group's land and properties and fixed charges over assets of the Group. The loans are repayable in 2024 to 2026. The interest rate is at 6.85% (2022: 4.96%).

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>2023</b>	2022
	<b>\$'000</b>	\$'000
Land and Investment Properties	35,821	31,403
	<u>35,821</u>	<u>31,403</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.

**14. ISSUED CAPITAL**

	Consolidated and Parent Entity		Consolidated and Parent Entity	
	2023 Shares Number	2022 Shares Number	2023 \$'000	2022 \$'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.

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

	<b>Consolidated</b>	
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
Asset revaluation reserve	<b>1,141</b>	1,141
Capital reserve	<b>5,386</b>	5,386
Foreign currency translation reserve	<b>(1,266)</b>	(1,266)
	<b>5,261</b>	5,261
<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	<b>(365)</b>	(365)
Balance at the end of period	<b>5,386</b>	5,386
<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>2023</b>	2022
	<b>\$'000</b>	\$'000
Balance at the beginning of the year	<b>(45,700)</b>	(43,307)
Profit / (loss) for the year	<b>182</b>	(2,393)
Balance at the end of the year	<b>(45,518)</b>	(45,700)

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

	<b>2023</b>	2022
	<b>Cents</b>	Cents
Basic earnings per share	<b>0.31</b>	(4.03)
Diluted earnings per share	<b>0.31</b>	(4.03)
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
Profit used in calculating basic and diluted earnings/(loss) per share	<b>182</b>	(2,393)
	<b>2023</b>	2022
	<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

**17. 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.

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

	Property investment & development	Investment Services	Intersegment eliminations/ unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
<b>2023</b>				
Sales to external customers	1,480	-	-	1,480
Intersegment sales	-	-	-	-
Total sales revenue	1,480	-	-	1,480
Other revenue	-	-	-	-
<b>Total segment revenue</b>	<b>1,480</b>	<b>-</b>	<b>-</b>	<b>1,480</b>
<b>Segment result</b>				
Profit/(loss) before tax	182	-	-	182
Tax expense	-	-	-	-
<b>Net profit/(loss)</b>	<b>182</b>	<b>-</b>	<b>-</b>	<b>182</b>
Segment assets	36,581	-	-	36,581
Segment liabilities	13,441	-	-	13,441
Acquisition of non-current assets	573	-	-	573
Depreciation and amortisation expense	-	-	-	-
<b>2022</b>				
Sales to external customers	1,768	-	-	1,768
Intersegment sales	-	-	-	-
Total sales revenue	1,768	-	-	1,768
Other revenue	-	-	-	-
<b>Total segment revenue</b>	<b>1,768</b>	<b>-</b>	<b>-</b>	<b>1,768</b>
<b>Segment result</b>				
Profit/(loss) before tax	(2,393)	-	-	(2,393)
Tax expense	-	-	-	-
<b>Net profit/(loss)</b>	<b>(2,393)</b>	<b>-</b>	<b>-</b>	<b>(2,393)</b>
Segment assets	34,695	-	-	34,695
Segment liabilities	11,737	-	-	11,737
Acquisition of non-current assets	3,825	-	-	3,825
Depreciation and amortisation expense	-	-	-	-

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

	<b>Consolidated</b>	
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>Profit/(Loss) for the year</b>	<b>182</b>	(2,393)
Change in fair value of investment properties	<b>(774)</b>	1,860
Doubtful debt and investment provision	<b>258</b>	480
<b>Change in operating assets and liabilities:</b>		
(Increase)/decrease in trade and other receivables	<b>353</b>	(1,133)
(Increase)/decrease in other current assets	<b>(158)</b>	1,019
Increase/(decrease) in trade and other creditors	<b>(307)</b>	276
(Increase) in deferred tax assets	-	-
Increase in deferred tax liabilities	-	-
<b>Net cash (used in) / provided by operating activities</b>	<b>(446)</b>	109

**b. Significant non-cash transactions**

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

**19. CONTROLLED ENTITIES**

Name of entity	Class of Share/unit	Equity Holding		Country of formation or incorporation
		2023	2022	
		%	%	
HTH Holdings Pty Limited	Ordinary	100	100	Australia
Hudson Property Group Limited	Ordinary	100	100	Australia
Hudson Land Pty Limited	Ordinary	100	100	Australia
Hudson Bowen Hill Pty Ltd	Ordinary	100	100	Australia
Hudson Regent Development Pty Ltd	Ordinary	100	100	Australia
Regent Property Trust	Ordinary	100	100	Australia
HSC Property Pty Limited *	Ordinary	0	100	Australia

\* Inactive and dormant entity - deregistered

**20. CONTINGENT ASSETS AND LIABILITIES****Deed of Cross Guarantee**

As at 31 December 2023, Hudson Investment Group Limited, HTH Holdings Pty Ltd, Hudson Property Group Limited, Hudson Land Pty Ltd, Hudson Regent Development 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 2023 represent those of the "Closed Group".

**21. EVENTS OCCURRING AFTER BALANCE DATE**

At the date of this report there are no other matters or circumstances, other than noted above, which have arisen since 31 December 2023 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2023 of the Group;
- The results of those operations; or
- The state of affairs in financial years subsequent to 31 December 2023 of the Group.

**22. 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>2023</b>	2022
	<b>\$'000</b>	\$'000
<b>Statement of Financial Position</b>		
Assets		
Current assets	<b>473</b>	62
Non-current asset	<b>17,988</b>	18,934
Total assets	<b>18,461</b>	18,996
Liabilities		
Current liabilities	<b>152</b>	142
Non-Current liabilities	<b>7,109</b>	6,671
Total liabilities	<b>7,261</b>	6,813
<b>Shareholder's equity</b>		
Issued Capital	<b>63,397</b>	63,397
Reserves	-	-
Accumulated losses	<b>(52,197)</b>	(51,214)
Total shareholders' equity	<b>11,200</b>	12,183
<b>Statement of Profit and Loss and Other Comprehensive Income</b>		
Profit/(Loss) for the year	<b>(983)</b>	(1,402)
Total comprehensive profit/(loss)	<b>(983)</b>	(1,402)

**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 20.

**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.

**23. 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 February 2002
Alan P Beasley	Managing Director	Appointed 19 January 2015
Wei Huang	Executive Director	Appointed 4 June 2019
John J Foley	Non-Executive Director	Appointed 6 August 2014
Dr Cheng Fong Han	Non-Executive Director	Appointed 1 June 2017
Pin Chua	Non-Executive Director	Appointed 27 September 2022

**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	

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**23. 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 2023</b>					
<b>Directors</b>					
John W Farey	12,000	-	-	-	12,000
Alan P Beasley *	150,000	-	-	-	150,000
Wei Huang **	180,000	-	-	-	180,000
John J Foley	-	-	-	-	-
Dr Cheng Fong Han	-	-	-	-	-
Pin Chua	-	-	-	-	-
<b>Director - Total</b>	<b>342,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>342,000</b>
<b>KMP</b>					
Vincent Tan	-	-	-	-	-
Henry Kinstlinger	-	-	-	-	-
Mona Esapournoori	12,000	-	1,290	200	13,490
Francis Choy	120,000	-	12,900	1,984	134,884
<b>KMP - Total</b>	<b>132,000</b>	<b>-</b>	<b>14,190</b>	<b>2,184</b>	<b>148,374</b>
<b>2022</b>					
<b>Directors</b>					
Alan P Beasley *	150,000	-	-	-	150,000
John W Farey	12,000	-	-	-	12,000
Wei Huang **	210,000	-	-	-	210,000
John J Foley	-	-	-	-	-
Dr Cheng Fong Han	-	-	-	-	-
Pin Chua***	-	-	-	-	-
<b>Director - Total</b>	<b>372,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>372,000</b>
<b>KMP</b>					
Vincent Tan	90,000	-	-	-	90,000
Henry Kinstlinger	-	-	-	-	-
Mona Esapournoori	12,000	-	1,230	200	13,430
Francis Choy	120,000	-	12,300	1,985	134,285
<b>KMP - Total</b>	<b>222,000</b>	<b>-</b>	<b>13,530</b>	<b>2,185</b>	<b>237,715</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 p.a. and consulting fee \$nil

\*\*Mr Huang received director fee \$150,000 p.a. (2022: \$150,000 p.a.) and consultancy fee \$30,000 (2022: \$60,000) via related entity

\*\*\*Mr Pin Chua - appointed 27 September 2022

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.

**23. 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 Share Direct Interest</b>	<b>Balance at start of year-shares</b>	<b>Changes during the year-shares</b>	<b>Balance at end of year-shares</b>
<b>2023</b>			
<b>Directors</b>			
John W Farey	1,000	-	1,000
Alan P Beasley	-	-	-
Wei Huang	-	-	-
John J Foley	-	-	-
Dr. Cheng Fong Han	-	-	-
Pin Chua	-	-	-
<b>2022</b>			
<b>Directors</b>			
John W Farey	1,000	-	1,000
Alan P Beasley	-	-	-
Wei Huang	-	-	-
John J Foley	-	-	-
Dr. Cheng Fong Han	-	-	-
Pin Chua	-	-	-
<b>Ordinary Share Indirect Interest</b>	<b>Balance at start of year-shares</b>	<b>Changes during the year-shares</b>	<b>Balance at end of year-shares</b>
<b>2023</b>			
<b>Directors</b>			
John W Farey	-	575,561	575,561
Alan P Beasley	160,000	-	160,000
Wei Huang	6,000,000	-	6,000,000
John J Foley	-	-	-
Dr. Cheng Fong Han	-	-	-
Pin Chua	-	-	-
<b>2022</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	-	-	-
Pin Chua	-	-	-

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.

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**24. RELATED PARTY DISCLOSURES****a. Parent entity**

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

**b. Subsidiaries**

Interests in subsidiaries are disclosed in Note 19.

**c. Key management personnel compensation**

Key management personnel compensation information is disclosed in Note 23.

**d. Transactions with related parties**

The following transactions occurred with related parties during the year

	<b>Consolidated</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Corporate services fee paid</b>		
- Paid to Hudson Asset Management Pty Ltd	<b>144,000</b>	124,000
<b>Property Management fee paid</b>		
- Paid to Hudson Asset Management Pty Ltd	-	636

**Corporate services fee paid**

The Group paid corporate services fee to Hudson Asset Management Pty Limited of \$144,000 (2022: \$124,000) as payment for office rent and administration and running expenses incurred on behalf of the group under corporate service agreement.

**Property Management fee paid**

The Group paid property management fee of \$nil (2022: \$636) to Hudson Asset Management Pty Limited for managing its Warnervale Industrial Property.

**24. 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>2023</b>	2022
	<b>\$000</b>	\$000
<b>Receivable</b>		
Controlled Entities	-	1,929
Provision for doubtful debts	-	-
<b>Payable</b>		
Controlled Entities	-	-

Hudson Investment Group Limited invested in Regent Property Trust interest bearing loan note \$0.91 million (2022: \$1.92 million). Hudson Investment Group Limited acquired remaining 70% of Regent Property Trust in 2022. Regent Property Trust is fully consolidated within the Group. None was written down during the year.

**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.

**25. REMUNERATION OF AUDITORS**

	<b>Consolidated</b>	
	<b>2023</b>	2022
	\$	\$
<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		
Review services fee	<b>10,450</b>	9,725
Audit fee	<b>17,450</b>	16,225
<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>3,395</b>	3,145
Advisory services	-	-
Total	<b>31,295</b>	29,095

## 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 2023 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 13 to 15 of the Directors' Report (as part of audited Remuneration Report), for the year ended 31 December 2023, 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 19 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:



**Alan Beasley**  
Managing Director



**Wei Huang**  
Executive Director

Sydney  
26 March 2024

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# INDEPENDENT AUDITORS' REPORT

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## 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 2023, 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 2023 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

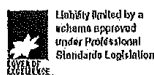
### Basis of opinion

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.

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**Material Uncertainty Related to Going Concern**

We draw your attention to note 13 in the financial report, 'Financial Liabilities', and note bank loans totalling \$13mil of which \$4.2mil relate to investment properties located at Warnervale NSW that is due to expire in August 2024.

We further note that gross rental income has decreased from previous years and is reliant upon a single tenant where the current lease expired in 2026.

We further note that net cash (used in) / provided by operating activities is a deficit of \$446k supported by increase in borrowings of \$1.7mil.

We are at present uncertain of the bank's terms in relation to renewal of loan facility in August 2024 and the ability of the Group to discharge this loan should the bank require.

Therefore, the above circumstances give rise to a material uncertainty of going concern if the bank reduces the loan facility limit and/or puts in place other loan conditions.

Our opinion is not modified in respect of this matter.

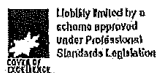
**Key audit matters**

In addition to the matter described in the Material Uncertainty Related to Going Concern section above, we have determined the matters described below to be the key audit matters to be communicated in our report.

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> Refer to note 11 - Investment Properties.</p> <p>At reporting date, the Group's market capitalisation of \$11.87mil is less than the net tangible assets of \$23.14mil indicating impairment.</p>	<p><b>Our procedures included, amongst others:</b></p> <ul style="list-style-type: none"> <li>We have applied AASB 13 'fair value' and considered AASB 136 'impairment' in forming our opinion.</li> <li>We have reviewed the independent valuation report prepared by M3 Property dated 16 February 2024 to establish the basis of valuation of its Warnervale properties.</li> </ul>

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The underlining assets of the group that underpins the net tangible assets are commercial properties located at Warnervale NSW and Bowen Hills Queensland.

A number of factors including valuation (AASB 13), loan expiry, high interest rates and expiry/renewal of existing lease agreements are uncertainties and therefore a key audit matter.

We have considered previously prepared bank valuations as a comparison to the client's valuation from M3 Property dated 16 February 2024.

We have reviewed and applied sensitivity analysis to management's discount rate used in its cash flow projections that form the basis of M3 Property valuation dated 16 February 2024 that underpin the Group's valuation methodology adopted for the investment component.

We have reviewed tenancy agreement expiry dates and net rental income and applied sensitivity analysis to the discounted cash flow (DCF) projections adopted for the investment component.

We have considered current interest rates, projected interest rates and current net rentals in undertaking our sensitivity analysis in determining fair value of the investment component in accordance with the income model pursuant to AASB 13.

We have investigated management's use of comparative recent sales data of surplus land to relevant and comparative zonings.

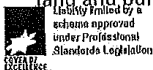
We have considered other local infrastructure changes and the Central Coast Regional Plan 2036 and the State Government's current planning reports in support of the Group's carrying amount.

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.

We have considered impairment pursuant to AASB 136 and concluded that the recoverable amount exceeds the carrying amount in the financial statements.

We have confirmed the Group's ownership of the land and buildings and relevant zonings.

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We have obtained and tested management representations relating their assessment of fair value and impairment, cash flows and inputs, discount rate, used in NPV calculation, and comparative values for surplus land.

**Financial Liabilities**

Refer to note 13 – Financial Liabilities.

At 31 December 2023, the Group has financial liabilities total \$13mil.

The debt relates to two investment properties located at Warnervale NSW and Bowen Hills Queensland.

The debt related to the investment property at Warnervale NSW is \$4.2mil and has been disclosed as a current liability due the expiry of the loan in August 2024.

We note that total debt of the Group has increased by \$2mil during the financial year.

Uncertainties referred to in the Material Uncertainty Related to Going Concern section of the audit report required that this is a key audit matter.

This is a key audit issue because the debt of \$4.2mil is due for payment in August 2024 and the debt of \$8.9mil is due in 2026.

**Our procedures included, amongst others:**

We have included this item as material uncertainty related to going concern in our audit report.

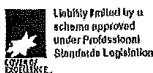
We reviewed the loan documents and confirmed the expiry date of the debt facility is August 2024 and also confirmed that there have been no accepted breaches of debt covenants.

We have confirmed that the asset values that are used as security for the bank loans are in excess of the bank loans.

We have not sighted any documentation from the bank demanding that the loan be repaid.

We have obtained representations from management confirming that there is no reason to suspect that the bank will not renew and/or refinance the existing debt facilities or that the bank has demanded repayment prior to the expiry of the loan.

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In the event the Group is unable to extend or refinance the debt due in August 2024, the Group would need to repay loans via capital raising, as the operating profits of the Group alone would not be sufficient to extinguish the debts.

**Other matter – economic dependence**

We refer you to notes 11 ‘investment properties’ and note 13 ‘financial liabilities’ and note the property located at Warnervale is reliant upon one tenant whose current lease expires simultaneously with the due date of repayment of borrowings.

Notwithstanding the current tenant have two five-year options to renew the lease, in the event that the tenant does not exercise an option to renew the lease, the Group may be in a position from a cash flow perspective that it would be required to source cash flow funding due to its economic dependency on its single tenant.

Our opinion is not modified in respect of this matter.

**Other information**

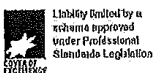
The directors are responsible for the other information. The other information comprises the information in the Group’s annual report for the year ended 31 December 2023, but does not include the financial report and the auditor’s report thereon.

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.

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**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.

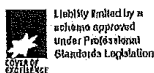
A further description of our representation of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

**Report on the Remuneration Report  
Opinion on the Remuneration Report**

We have audited the Remuneration Report include in pages 13 to 15 of the directors' report for the year ended 31 December 2023.

In our opinion, the Remuneration Report for the year ended 31 December 2023 complies with section 300A of the Corporation Act 2001.

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**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.

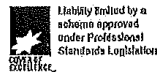
KS Black & Co  
Chartered Accountants



Phillip Jones  
Partner  
Dated: 26 March 2024  
Sydney

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## SHAREHOLDER INFORMATION

As at 29 February 2024

### 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
Citicorp Nominees Pty Ltd	5,717,345	9.63
HSBC Custody Nominees Pty Ltd	5,712,393	9.62
Raffles Nominees Pty Ltd	5,666,656	9.55
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	263	63,953	0.11
1,001 - 5,000	83	216,029	0.36
5,001 - 10,000	28	227,094	0.38
10,001 - 100,000	34	1,354,319	2.28
100,001 and above	31	57,498,540	96.87
<b>Rounding Total</b>	<b>439</b>	<b>59,359,935</b>	<b>100.00</b>

### C. Unmarketable Parcels

	Minimum Parcel size	Holders	Units
Minimum \$500.00 parcel at \$0.15 per unit	3,334	327	196,641

### D. Twenty Largest Shareholders

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

Rank	Name	Units	% Units
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	CITICORP NOMINEES PTY LIMITED	5,717,345	9.63
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,712,393	9.62
6	RAFFLES NOMINEES PTY LIMITED	5,666,656	9.55
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	JT CAPITAL HOLDINGS PTY LTD	555,766	0.94
16	MILLENNIUM PROPERTY INVESTMENTS PTY LTD	552,100	0.93
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	MR VINCENT SEE YIN TAN	356,574	0.61
<b>Totals: Top 20 holders of FULLY PAID SHARES</b>		<b>55,630,393</b>	<b>93.72</b>

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