



HUDSON INVESTMENT GROUP LIMITED

ACN 004 683 729

APPENDIX 4E

ASX PRELIMINARY UNAUDITED FINAL REPORT– 31 DECEMBER 2020

(CORRESPONDING PERIOD – YEAR ENDED 31 DECEMBER 2019)

LODGED WITH THE ASX UNDER LISTING RULE 4.3A

CONTENTS	PAGE
CORPORATE DIRECTORY	1
RESULTS FOR ANNOUNCEMENT TO THE MARKET	2
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	5
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	6
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	7
CONSOLIDATED STATEMENT OF CASH FLOW	8
NOTES TO THE FINANCIAL STATEMENTS	9
SUPPLEMENTARY APPENDIX 4E INFORMATION	14

The preliminary financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by Hudson Investment Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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
Telephone: +61 2 9251 7177
Fax: +61 2 9251 7500
Email: corporate@higl.com.au
Website: www.higl.com.au

Auditors

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

Lawyers

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

Bankers

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

Australia & New Zealand Banking Group Limited
Level 16, 20 Martin Place
Sydney NSW 2000
Telephone: +61 2 9216 2200

Board of Directors

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

Joint Company Secretaries

Henry Kinstlinger
Mona Esapournoori

Chief Financial Officer

Francis Choy

Risk & Compliance

Allan Scadden

Share registry

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

ASX Code – HGL

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

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

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

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 31 December 2020
(PREVIOUS CORRESPONDING PERIOD: YEAR ENDED 31 December 2019)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

				\$'000
Revenue from ordinary activities	Up	3.1%	to	1,712
Profit/(Loss) after income tax from ordinary activities attributable to members	Down	95.2%	to	149
Net Profit/(Loss) for the period attributable to members	Down	95.2%	to	149

Dividends/distributions	Amount per security	Franked amount per security
Final dividend	\$Nil	N/A
Interim dividend	\$Nil	N/A

Dividend record date: N/A

Explanation of Profit after Tax from Ordinary Activities

The Company has recorded a consolidated net profit after tax of \$0.14 million for the year ended 31 December 2020. The profit was mainly attributable to lease operating income from our investment properties portfolio in NSW and Queensland during the year.

This compares with a profit of \$3.15 million in the previous corresponding period. The profit for 2019 included a \$3.0 million revaluation of property. There was no revaluation of property for year 2020.

The Company's current net tangible asset value as at 31 December 2020 is \$24.9 million (or 42.0 cents per share).

REVIEW OF OPERATIONS

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

- 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
- 30% interest in 43 Regent Street, Woolloongabba, Queensland (the **Regent Street Property**)

Highlights

- HGL wholly owned subsidiary Hudson Bowen Hills Pty Ltd had submitted its Development Application (**DA**) to Economic Development Queensland (**EDQ**) for its Bowen Hills Properties. Urban Strategies Pty Ltd are continuing discussions with EDQ to progress the DA. HGL anticipates for the DA to be approved during the first half of 2021.
- On 19 May 2020, the Company held its Annual General Meeting where the shareholders approved all resolutions.
- On 22 July 2020, the Company changed its registered office to Level 5, 52 Phillip Street Sydney.

Warnervale Property

- Approximately 44.5 hectares of land is strategically located within the Wyong Employment Zone and is situated come 12 kilometres by road to the north of the Wyong Town Centre, on the NSW Central Coast
- Management submitted an application to Central Coast Council for a strata title subdivision on the Western Land, Lots 1 and 74, which when completed will provide more flexibility in how we further develop and add value to the assets.
- The Company intends to explore development opportunities for the Surplus land.
- Valuation of

	\$24.2 million
(a) Western Land	\$17.9 million
(b) Eastern Land	\$6.3 million



Location of Warnervale Properties

Bowen Hills Properties

- The site is located in the Brisbane CBD fringe suburb of Bowen Hills, approximately 2.4 kilometres north east of the Brisbane General Post Office.
- Land size – approximately 2,025m²
- The Company has lodged a DA for a 24-storey mixed use building to EDQ which is progressing and is anticipated to be approved during the first half of 2021.
- The project includes office space of 14,868sqm and 128 hotel rooms.
- Existing gross lease income of approximately \$0.42 million
- Valuation as at 31.12.19 – \$10.25 million



Bowen Hills - Conceptual Commercial Design

Regent Street Property

- Development approval received for the construction of 54 apartments over 11 levels.
- During 2020, the Regent Street Property Project had been put on hold due to the COVID-19 pandemic. The Company will look to reinstating the Regent Street Project during the first half of 2021. As such the timeline for construction and completion will be adjusted.



Regent Street - Development Approved Project Design

Outlook for 2021

- Plans to further develop our Warnervale properties to unlock greater value.
- Proceed with the Regent Street Project in Woolloongabba, Brisbane.
- Seek out additional potential property investment opportunities.

Alan Beasley
Managing Director

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

		Consolidated	
		2020	2019
	Notes	\$'000	\$'000
Revenue	2	1,712	1,660
Cost of services		(398)	(457)
Other income and expenses	2	(61)	3,067
Cost of providing services and administration expenses	3	(843)	(735)
Finance income	3	93	33
Finance expenses	3	(354)	(418)
PROFIT/(LOSS) BEFORE INCOME TAX		149	3,150
Income tax		-	-
PROFIT/(LOSS) AFTER TAX FOR THE YEAR		149	3,150
 OTHER COMPREHENSIVE INCOME			
Other comprehensive income		-	-
Income tax		-	-
Other comprehensive income after tax		-	-
Total comprehensive income		149	3,150
Profit attributable to non-controlling interests		-	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO MEMBERS OF THE PARENT ENTITY		149	3,150
 Earnings per shares			
		Cents	Cents
Basic earnings per share (cents)	8	0.25	5.31
Diluted earnings per share (cents)	8	0.25	5.31

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		Consolidated	
		2020	2019
	Notes	\$'000	\$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	186	245
Trade and other receivables		111	52
Other current assets		64	120
TOTAL CURRENT ASSETS		361	417
NON-CURRENT ASSETS			
Investment properties	6	34,181	33,843
Investment		2,411	2,082
Other assets		2	2
TOTAL NON-CURRENT ASSETS		36,594	35,927
TOTAL ASSETS		36,955	36,344
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		346	181
Financial liabilities		11,524	-
Accrued payable and provision		91	10
TOTAL CURRENT LIABILITIES		11,961	191
NON-CURRENT LIABILITIES			
Financial liabilities		-	11,350
Accrued payable and provision		42	-
TOTAL NON-CURRENT LIABILITIES		42	11,350
TOTAL LIABILITIES		12,003	11,541
NET ASSETS		24,952	24,803
EQUITY			
Issued Capital	7	63,397	63,397
Reserves		5,626	5,626
Accumulated losses		(44,071)	(44,220)
Total equity attributable to equity holders of the parent entity		24,952	24,803
Non-controlling interest		-	-
TOTAL EQUITY		24,952	24,803

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020**

Consolidated	Notes	Issued Capital \$'000	Reserves \$'000	Accumulated Losses \$'000	Total Equity \$'000
Balance at 1 January 2020	7	63,397	5,626	(44,220)	24,803
Share issued		-	-	-	-
Share issuing costs		-	-	-	-
Profit/(loss) for the year		-	-	149	149
Balance at 31 December 2020	7	63,397	5,626	(44,071)	24,952
Balance at 1 January 2019		53,094	5,626	(47,370)	11,350
Share issued		10,325	-	-	10,325
Share issuing costs		(22)	-	-	(22)
Profit for the year		-	-	3,150	3,150
Balance at 31 December 2019	7	63,397	5,626	(44,220)	24,803

The above statement should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	Consolidated	
		2020	2019
		\$'000	\$'000
Cash flows from operating activities			
Receipts from customers		1,636	1,609
Payments to suppliers, employees and service providers		(880)	(1,146)
Interest received		1	11
Interest paid		(352)	(371)
Net cash provided by/(used in) operating activities		405	103
Cash flows from investing activities			
Payments for investment properties improvements		(338)	(451)
Payments for purchases of investments		(240)	(2,060)
Payments for property, plant and equipment		-	(10,630)
Payment for deposit		(60)	-
Net cash (used in)/ provided by investing activities		(638)	(13,141)
Cash flows from financing activities			
Proceeds from issuing share		-	10,325
Share issuing cost		-	(22)
Issued /(retired) convertible notes		-	(520)
Bank borrowings		174	3,350
Net cash provided by /(used in) financing activities		174	13,133
Net (decrease)/increase in cash and cash equivalents		(59)	95
Cash and cash equivalents at the beginning of the year		245	150
Cash and cash equivalents at the end of the year	5	186	245

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. ACCOUNTING POLICIES, ESTIMATION METHOD AND MEASUREMENT BASIS

Accounting policies, estimation methods and measurement bases used in this Appendix 4E are the same as those used in the last annual report and the last half year report.

2. REVENUE

	Consolidated	
	2020	2019
	\$'000	\$'000
a Revenue		
Rental Income	1,579	1,531
Fee income	133	129
	<u>1,712</u>	<u>1,660</u>
b Other Income and expenses		
Change in fair value of investment properties	-	3,039
Change in fair value of investment properties project	-	-
Doubtful debt provision and others	(61)	28
	<u>(61)</u>	<u>3,067</u>

3. PROFIT/ (LOSS) FROM ORDINARY ACTIVITIES

**Profit/(loss) before income tax is arrived after
(charging)/crediting the following specific expenses**

a Cost of providing services and administration expenses		
Consulting and professional fee	(116)	(118)
Directors fee and employee on costs	(350)	(202)
Legal expenses	(83)	(44)
Other administration expenses	(294)	(371)
	<u>(843)</u>	<u>(735)</u>
b Finance income		
Interest income	93	33
c Finance expenses		
Interest paid	(352)	(393)
Others	(2)	(25)
	<u>(354)</u>	<u>(418)</u>

NOTES TO THE FINANCIAL STATEMENTS continued

4. DIVIDENDS

The directors do not recommend a dividend relating to the year ended 31 December 2020 (2019: Nil) to be paid.

5. CASH AND CASH EQUIVALENTS

	Consolidated	
	2020	2019
	\$'000	\$'000
Cash at bank and on hand	136	195
Cash held in trust account	50	50
	<u>186</u>	<u>245</u>

6. INVESTMENT PROPERTIES

	Consolidated	
	2020	2019
	\$'000	\$'000
Non-current		
Investment properties at fair value	<u>34,181</u>	33,843
	<u>34,181</u>	<u>33,843</u>

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 independent assessments made by members of the Australian Property Institute valuations.

	Consolidated	
	2020	2019
	\$'000	\$'000
Investment properties at fair value		
Independent valuation	34,475	34,475
Capital works and improvements	338	-
Accumulated depreciation and impairment	<u>(632)</u>	<u>(632)</u>
	<u>34,181</u>	<u>33,843</u>

NOTES TO THE FINANCIAL STATEMENTS continued

7. ISSUED CAPITAL

	Consolidated		Consolidated	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
	Shares	Shares	\$'000	\$'000
Ordinary shares				
Issued	59,359,935	59,359,935	63,397	63,397
Movements during the period				
Balance at beginning of the period	59,359,935	298,598,683	63,397	53,094
Share issued	-	295,000,000	-	10,325
Share consolidation 10 to 1	-	(534,238,748)	-	-
Share issuing costs	-	-	-	(22)
Balance at the end of the period	59,359,935	59,359,935	63,397	63,397

Ordinary Shares

Ordinary shares entitle the holders 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.

Option

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

Preference options

No options were granted and issued during this year.

8. EARNINGS PER SHARE

	2020	2019
	Cents	Cents
Basic earnings/(loss) per share	0.25	5.31
Diluted earnings/(loss) per share	0.25	5.31
	2020	2019
	\$'000	\$'000
Earnings used in calculating basic and diluted (loss) / earnings per share	149	3,150
Weighted average number of ordinary shares used as the denominator	2020	2019
	Number	Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share and diluted earnings per share	59,359,935	59,359,935

NOTES TO THE FINANCIAL STATEMENTS continued**9. CONTINGENT ASSETS AND LIABILITIES, COMMITMENTS****Guarantees**

Cross guarantees under Class Order 98/1418 by Hudson Investment Group Limited and its several wholly owned controlled entities exist in respect of loans. No deficiency of assets exists in the consolidated entity as a whole. No material losses are anticipated in respect of any of the above contingent liabilities.

Commitments

There are no material commitments as at the date of the report.

10. 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 2020 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2020 of the Group;
- The results of those operations; or
- The state of affairs in financial years subsequent to 31 December 2020 of the Group.

11. SEGMENT INFORMATION

The Consolidated entity 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 in Australia

Development and leasing industrial and residential properties 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.

NOTES TO THE FINANCIAL STATEMENTS continued

11. SEGMENT INFORMATION continued

	Property investment & development	Investment Services	Inter segment eliminations/ unallocated	Consolidated
	\$'000	\$'000	\$'000	\$'000
2020				
Sales to external customers	1,592	120	-	1,712
Intersegment sales	-	-	-	-
Total sales revenue	1,592	120	-	1,712
Other revenue	-	-	-	-
Total segment revenue	1,592	120	-	1,712
Segment result				
Profit/(loss) before tax	149	-	-	149
Tax expense	-	-	-	-
Net profit/(loss)	149	-	-	149
Segment assets	34,544	2,411	-	36,955
Segment liabilities	12,003	-	-	12,003
Acquisition of non-current assets	338	240	-	578
Depreciation and amortisation expense	-	-	-	-
2019				
Sales to external customers	1,660	-	-	1,660
Intersegment sales	-	-	-	-
Total sales revenue	1,660	-	-	1,660
Other revenue	-	-	-	-
Total segment revenue	1,660	-	-	1,660
Segment result				
Profit/(loss) before tax	3,150	-	-	3,150
Income tax expense	-	-	-	-
Net profit/(loss)	3,150	-	-	3,150
Segment assets	36,344	-	-	36,344
Segment liabilities	11,541	-	-	11,541
Acquisition of non-current assets	11,508	-	-	11,508
Depreciation and amortisation expense	-	-	-	-

SUPPLEMENTARY APPENDIX 4E INFORMATION**NTA Backing**

	31/12/2020	31/12/2019
Net tangible asset per ordinary share	42.0 cents	41.7 cents

Controlled Entities Acquired during the Period

No controlled entity was acquired or incorporated during the reporting period.

Loss of Control of Entities during the Period

No entities have been disposed during the reporting period.

Subsequent Events

There have been no other events subsequent to reporting date which affect the results contained in this report or the continuing operations of the Group. Please refer to Note 10 to the financial statement.

Accounting Standards

Australian Accounting Standards have been used in the preparation of this report.

Other Significant Information

All significant information in relation to the financial performance and position of Hudson Investment Group Limited has been disclosed in the attached report.

Returns to Shareholders

No distribution/dividend paid this year. The Company does not have a dividend/distribution reinvestment plan. No share buy back during the year.

Audit Report

This report is based on financial statements that are in the process of being audited; therefore no audit report has been attached.