



ANNUAL REPORT  
**2023**



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# CHAIRMAN'S STATEMENT

## OVERVIEW

On behalf of the Board of Directors (the "**Board**") of AF Global Limited (the "**Company**" and together with its subsidiaries, the "**Group**"), I present herewith our Company's annual report for the financial year ended 31 December 2023 ("**FY2023**").

The year FY2023 has been a tough one for businesses due to the surge in inflation caused by the COVID-19 pandemic and the high interest rate around the world led by the US Federal Reserve. The global economy is facing an uncertain outlook due to geopolitical tensions and conflicts which could disrupt global supply chains and commodity markets.

Despite these challenges, Singapore has managed to avoid a recession and reported an overall growth of 1.1% for FY2023. While the Singapore economy is expected to continue to expand this year, the outlook is uneven across various sectors. Considering the global and domestic economic environment and assuming no major downside risks in the global economy, Singapore has maintained its growth forecast for 2024 at a range of 1.0% to 3.0%.

Despite challenges such as rising costs and ongoing geopolitical tensions that create uncertainties in the global economy, we expect our financial performance in the coming financial year to be stable due to the recovery of the tourism industry. However, we are aware of the potential downsides and risks in the global economy and will remain nimble in our operations.

## HOTEL

In FY2023, our business performance at the Holiday Inn Resort Phuket ("**HIRP**") has been better than anticipated due to the tourism recovery in Thailand, with key performance indicators such as room rates, occupancy, and profitability exceeding what we had budgeted. Given the current business landscape and market sentiments, barring unforeseen circumstances, we anticipate further improvements in both room rates and occupancy. This positive outlook is bolstered by the increase in tourist arrivals, which are inching closer to pre-pandemic levels. The recent visa-free arrangements for Chinese nationals are expected to further rejuvenate Chinese travel to Thailand. Moreover, the Group is observing an influx of tourists from various geographical regions, which diversifies our guest sources and reduces our reliance on traditionally key markets.

## PHUKET RAWAI BEACH RESORT

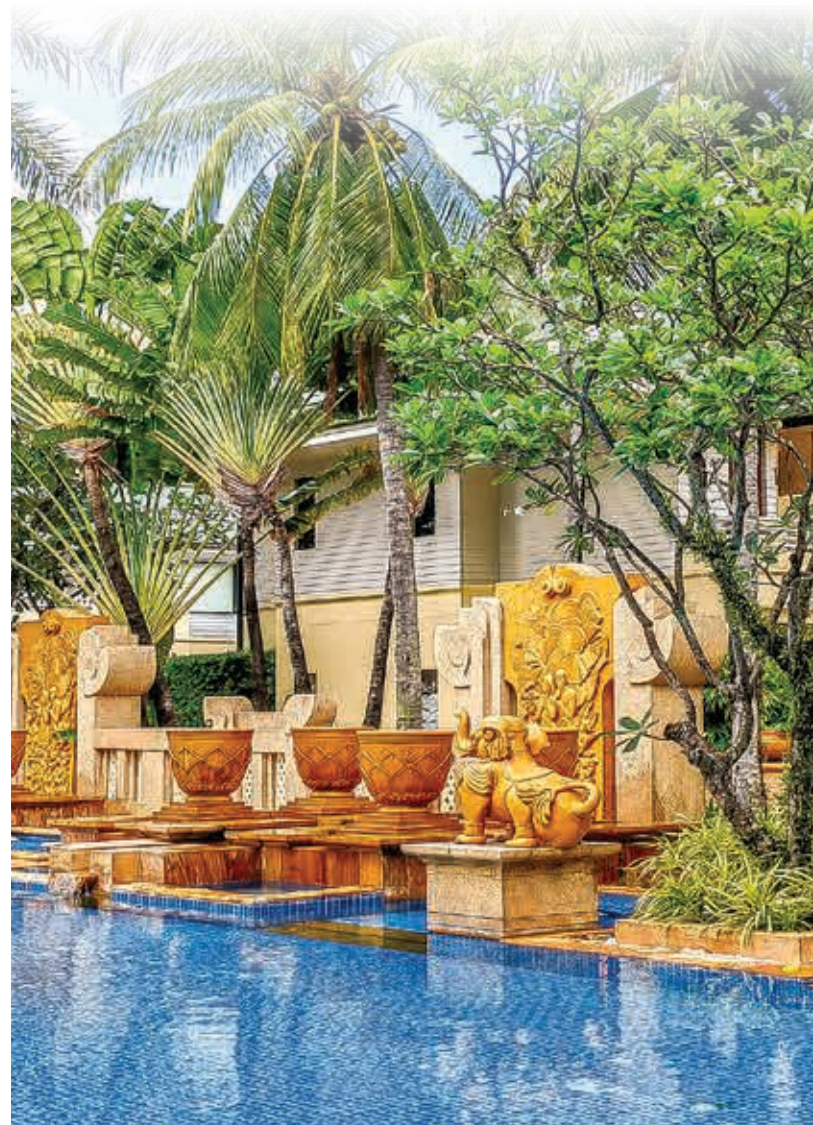
On 10 January 2024, the Company made an announcement on the signing of two Sale & Purchase Agreements for the divestment of our asset in Rawai, Phuket. The consideration for this divestment is Thai Baht 1.6 billion or approximately S\$60 million. This marks a significant step in the Group's portfolio optimisation strategy and provides the Group with an opportunity to create value and recycle capital.

The completion of this transaction is subject to various terms and conditions, including the fulfilment of certain conditions precedent before completion can take place.

We will keep you updated on any significant developments regarding this transaction.

## SERVICED RESIDENCE

Regarding our Group's serviced residences, there was a gradual rise in the occupancy rates year-on-year but the room rates was slightly affected due to the depreciation of the Lao Kip at the Somerset Vientiane in Vientiane, Laos. For the Cityview Apartments and Commercial Centre in Ho Chi Minh City, Vietnam, there was a decline in long stay demand owing to the growing competition and weaker tourism recovery. Nonetheless, we are optimistic that the recovery in tourism for both Laos and Vietnam will have a positive impact on the hospitality industry in the near future.



# CHAIRMAN'S STATEMENT

## PROPERTY DEVELOPMENT GULOU SQUARE

The Group had attempted to sell our entire shareholdings in the joint venture company (“**JVCo**”) earlier in 2020. Unfortunately, the local joint venture partner was not able to secure financing for the transaction as per the Agreement, and the sale was not completed.

Our legal counsels advised us to explore various options, one of which was to apply to the Jiangsu Xuzhou Intermediate People's Court (the “**Court**”) for the compulsory liquidation of the JVCo. On 25 September 2023, the Court accepted the application, and a Chinese legal firm has been appointed as the liquidator to oversee the JVCo's liquidation. The court-appointed liquidator has taken full control of the JVCo's assets, bank accounts, company seals, and stamps.

The compulsory liquidation process is currently underway, and we will keep you updated on any significant developments.

## REAL ESTATE CONSULTANCY

In the first half of 2023, the Singapore government implemented property cooling measures, which included an increase in the Buyer's Stamp Duty (BSD) and Additional Buyer's Stamp Duty (ABSD) rates for foreign buyers and investors. These changes had a temporary impact on the property seekers' interest in the Core Central Region (CCR) property transactions.

Notwithstanding this, the property market is generally expected to be stable in 2024.

## LOOKING AHEAD

We continue to monitor the geopolitical volatility and macroeconomic challenges that may arise. However, we believe that despite these challenges, the global economy will continue to grow in 2024, albeit at a slower pace. It is important that we remain adaptable and prepared for any changes that may arise while focusing on navigating through them.

Our Group will work closely with our appointed hotel operators to increase revenue, improve efficiency, reduce costs and explore new and innovative technological solutions to refresh our hospitality offerings. In the long term, we are committed to managing and enhancing our portfolio of assets to stay competitive and create value for our shareholders.

We remain active in the lookout for potential opportunities for acquisitions and divestments to realise value and recycle capital for higher yield and growth.

## CHANGES TO THE BOARD

There were some key changes in the Board composition this year.

Mr Woo Peng Kong, resigned as an Independent Director on 10 November 2023, and we would like to thank him for his invaluable contribution and effort in guiding the Group.

Ms Pan Pei Say, was newly appointed as an Independent Director on 1 February 2024. Ms Pan Pei Say would be able to make a positive contribution to the Group and the Board given her extensive experience.

## NOTE OF APPRECIATION

I would like to express my sincere gratitude to my fellow members of the Board for their insights, diverse perspectives, and active participation in Board discussions.

On behalf of the Board, I would also like to thank our management team and staff for their continued commitment and dedication to our Group. We look forward to your invaluable contributions in the upcoming financial year.

Lastly, my heartfelt appreciation goes to our shareholders for their unwavering faith and support in us.

## KOH WEE SENG

Non-Executive Chairman



## HOTEL

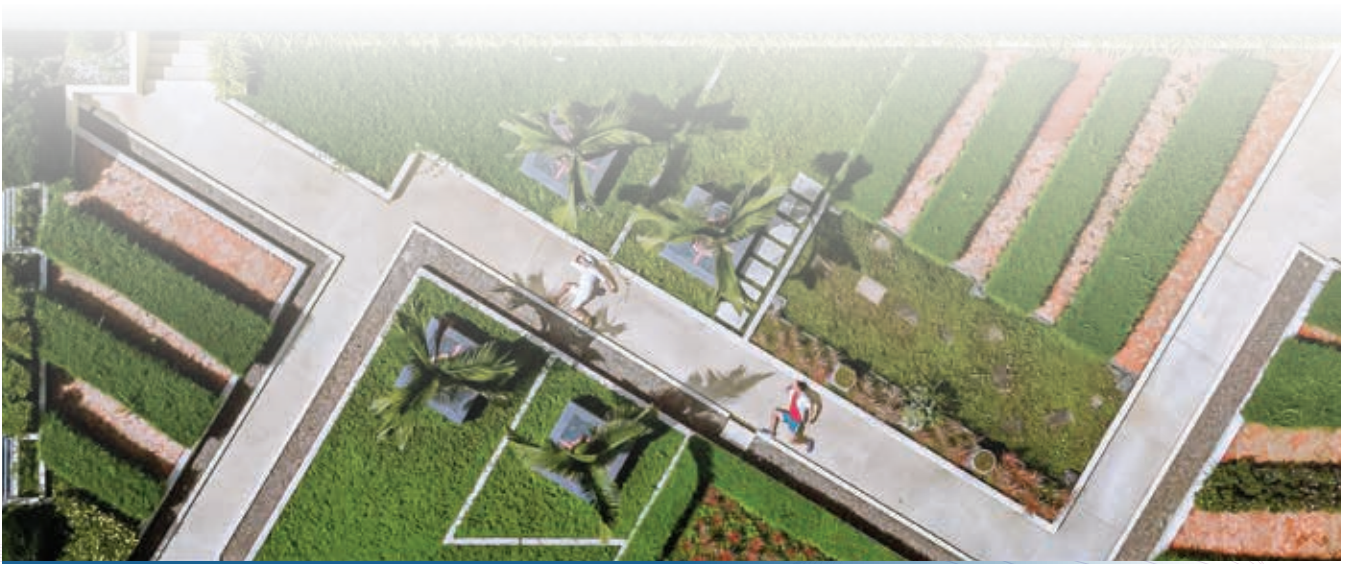
### HOLIDAY INN RESORT PHUKET



Centrally located in the heart of Phuket's bustling Patong Beach, Holiday Inn Resort Phuket is within walking distance to a multitude of restaurants, bars and retail outlets. The property has a total of 398 guestrooms distributed between two distinct wings: a contemporary style family-friendly Main Wing, as well as a Thai-inspired Busakorn Wing. The newly renovated Busakorn Wing offers a fabulous resort within a resort experience. The beautifully appointed Studio Rooms and Villas meld heritage-inspired décor with Modern Thai elegance. The resort had received the Tripadvisor Travelers' Choice 2023 award which is given to great tourism establishments noted for excellence in terms of service, quality and customer satisfaction based on customers' reviews and opinions around the world. The resort is well-known for its excellent breakfast buffet and great value cuisine in its 4 restaurants.

The resort was also presented by the Phuket Provincial Office with a plaque for its outstanding support for disability inclusion and continued commitment as a role model for the community, and the only resort in Phuket to receive this award. With its unique Family and Kids Suite accommodation, Kid's Club and Kid's swimming pool, the resort is recognised as one of the most family-friendly resorts in Patong. As such, the resort was voted into the Top 10 Family Resorts by Holiday with Kids Magazine readers for 8 consecutive years from 2015 to 2022. This recognition further enhances the reputation of the resort as a premier family-friendly destination in Phuket.

The resort has been awarded the Green Health Hotel certificate by the Ministry of Public Health's Department of Health, as recognition of their exceptional standards of hygiene and environmental protection.



## HOTEL

### PHUKET RAWAI BEACH RESORT (PENDING COMPLETION)



Situated in a private and secluded part of Phuket, where the former Evason Phuket Resort and Six Senses Spa used to be, the 180,000 square metre site will be redeveloped into an exclusive five-star luxury beach resort. The resort and its guestrooms has been designed to capitalize on the breath-taking views of the glittering Andaman Sea. Guests will be able to enjoy the private use of an exclusive beach at Bon Island, a 10-minute boat ride away. The resort will feature many lush greeneries to create a sleek, luxury beachside hideaway, away from the bustling city. Highly accessible, the property is located 20 minutes away from Phuket Town and 50 minutes away from Phuket International Airport. Located at the southern tip of Phuket, the resort boasts of a well-enclosed bay and is positioned within a private and secluded area. It is just 10 minutes away from a famous landmark that offers the most spectacular sunset view in Phuket. It will be perfect for travellers looking for a relaxing and luxurious getaway on Phuket Island.

The Group had, on 10 January 2024, signed two sale and purchase agreements for the divestment of this property. This transaction is subject to various terms and conditions, including the fulfilment of certain conditions precedent before completion can take place. The Group will provide updates on any significant development regarding this divestment.

## PROPERTY DEVELOPMENT

### GULOU SQUARE 鼓楼广场



Gulou Square (鼓楼广场) is located in Gulou District within 1.5 kilometers from the city centre of Xuzhou. Xuzhou is the largest city of Jiangsu Province, one of the most ancient cities in China.

Gulou Square is one of the landmark mixed-use residential, office, hotel cum retail development with a built-up area of approximately 385,000 square metres in the mature district of Gulou. The location of Gulou Square is well situated right beside the Xuzhou MRT Line 2, Jiu Long Hu Station (九龙湖站) which enhanced the accessibility with the station exit right in front of Gulou Square.

Gulou Jing Dian (鼓楼晶典), the residential development in Gulou Square, occupies a land area of 54,500 square metres and comprises nine high-rise and four low-rise blocks coupled with local retail facilities. Adjacent to Gulou Jing Dian is a commercial development with a land area of 23,400 square metres and features a 23-storey hotel, a contemporary 23-storey Grade A office tower and a family theme shopping mall. The mall was officially opened in September 2020 and offers a one-stop shopping paradise with myriad of retail outlets, entertainment and dining options.

The Board had earlier in 2020 sought to dispose its aggregate 55 percent of its equity interest in Xuzhou Yinjian LumChang Real Estate Development Co., Ltd (the "JVCo"), the developer of the Gulou Square to the 45% joint venture partner (the "Purchaser") of Gulou Square. However, the Purchaser failed to complete the acquisition.

As advised by our legal counsels, the Group had explored various options, which include the application to the Jiangsu Xuzhou Intermediate People's Court (the "Court") for the compulsory liquidation of the JVCo. The compulsory liquidation application was accepted by the Court on 25 September 2023. A Chinese legal firm has since been appointed as the liquidator to oversee the liquidation of the JVCo in China. The Court appointed liquidator has since assumed full control of the JVCo's bank accounts, company seals and assets. The compulsory liquidation is in process and the Group will provide updates as and when there are any material developments.



## SERVICED RESIDENCE

### SOMERSET VIENTIANE

Somerset Vientiane is located in the capital of Laos, Vientiane, a charming destination city that delights visitors with its mix of French colonial architecture and traditional Buddhist artefacts.

Strategically located on the junction between Rue Samsenthai and Rue Setthathilah, the serviced residence is just minutes away from the iconic statue of King Fa Ngum, the first king of the Laotian Kingdom of Lan Xang, and an important landmark in the city. It is also a five-minute drive from both Chanthabouli Business District and Wattay International Airport.

Ideal for both executive and leisurely pursuits, Somerset Vientiane is conveniently situated within the vicinity of major commercial, diplomatic and shopping areas in the new business and residential district of Sikhottabong. The serviced residence is also ideal for families, with educational establishments such as the Vientiane International School, Australian International School and the Kittisack International School all located within its proximity.

In 2012, the serviced residence was awarded four-stars by the Ministry of Information and Tourism of Laos. With 116 units ranging from spacious studios to two-bedroom apartments, Somerset Vientiane caters to business travellers and their families with a myriad of modern business and recreational facilities such as a business centre, tennis court, lap pool, gymnasium, sauna, jacuzzi, children's playground, residents' lounge and outdoor breakfast area.



### CITYVIEW

Cityview Apartments and Commercial Centre is centrally located in District 1 of Ho Chi Minh City. As such, it is located close to many consulates, central and local government offices, banks, commercial and retail malls.

The property is a mixed development featuring a 12-storey main building and a 6-storey new wing. There are 66 fully-furnished serviced apartments ranging from studio units to three-bedroom apartments, as well as 34 office units on the lower floors to cater to a wide range of business needs. Facilities include a gymnasium, minimart, laundry service and 24-hour security.

## REAL ESTATE CONSULTANCY

### KNIGHT FRANK SINGAPORE



As one of Singapore's oldest real estate consultancies, Knight Frank's growth story runs parallel with the country's eight decades of progress. From auctioneering and valuation services in its nascent years, the firm now offers a full suite of real estate advisory, brokerage, and property management services to address the diverse and ever-changing needs of the public and private sectors, as well as the ambitions of both individual and institutional investors.

Knight Frank's work continues to influence the use of land, shape Singapore's urban landscape, and the nation's retail and lifestyle experience. Its multifaceted deep local real estate expertise and unrivalled global connections position it to cater for the interests of property owners, occupiers, and investors.

In 2023, the real estate sector grew 4.9 per cent, moderating from the 10.9 per cent growth in 2022. Despite the challenging business environment, the firm reported significant wins across its advisory, agency and property management services.

The property management arm bagged several sizeable contracts with the most notable being a repeat appointment by the Singapore Land Authority. The appointment comes after Knight Frank successfully managed the portfolio of iconic black-and-white colonial houses for a six-year term, overseeing the upkeep of common areas and tenants of the prized state asset. This is a testament to the firm's competence and service excellence. Separately, strata developments under the firm's management grew rapidly. As managing agent to more than 50,000 subsidiary proprietors, the firm is a market leader with a large share of prime district portfolios.

The brokerage team saw its share of wins with a large number of transactions across various asset classes. The Capital Markets team concluded the sale of a freehold commercial building along Upper Bukit Timah Road at 30% above valuation within three weeks of appointment and brokered the sale of three development sites exceeding S\$80 million. One of the sites was the first in prime district 9 since 2021. On the residential front, luxury properties brokered included a prime district Nassim Hill townhouse for S\$11.8 million and a Holland Road apartment for S\$5.4 million. Outside Singapore, the firm's Private Office advised and transacted a cluster of apartments in London exceeding \$30 million in value and several units in the St Regis Residences in Dubai.

On the advisory front, the firm's stellar track record earned it a three-year appointment for the provision of property tax advisory and valuation services including market and rental valuations. The consultancy team advised on the optimal bid price that won a site in the government land sale programme for the Lentor Central site.

Beyond its business operations, the firm attained the BCA GreenMark certification based on the BCA-HPB Green Mark for Healthier Workplaces (GM HW: 2018) scheme for the office at Ocean Financial Centre. The firm's commitment to people, planet and place continues to shape its operations.

Finally, as part of stewarding the firm into the next phase of growth and strengthen its position as the locally expert and globally connected international property consultancy, seasoned capital markets professional Galven Tan was appointed as Knight Frank Singapore's Chief Executive Officer.

# CORPORATE SUSTAINABILITY

## COMMITMENT TO OUR SHAREHOLDERS

At AF Global Limited ("AFGL"), we believe it is our responsibility to manage the Group on a sustainable long-term basis. We are committed to providing transparent, timely, and accurate information through regular updates of the Group's performance and plans.

All corporate announcements and press releases are published timely on the Singapore Exchange's SGXNet and our Annual Report can be easily downloaded from our corporate website.

## COMMITMENT TO THE ENVIRONMENT

Environmental sustainability remains a core guiding principle in the conduct of our everyday business in our business units and hotels. We are continuously replacing fittings and parts at our hotels with energy efficient ones during regular maintenance to reduce our carbon footprint. Where applicable, environmentally friendly supplies are also used in our daily cleaning works.

At the Holiday Inn Resort Phuket, bulk-sized bathroom amenities have replaced the high-wastage miniature bottles, and more efficient air-conditioning systems have also been installed. We have stopped providing plastic straws in all restaurants and are available only upon request. All water provided in rooms for guests at the resort is now contained in reusable glass bottles instead of single-use plastic ones in a bid to greatly reduce plastic waste. With the rising cost of heavy oil globally, we have also replaced heavy oil with heat pump to efficiently generate hot water at the Main Wing. We have also changed our swimming pool filters from sand filter to a more efficient GRID filter that provides clearer water without the need to do backwash, saving water usage.

We are also planning to use the water in our deep well, filtered by our new filtration system, which is in line with Thai water standards, for gardening and flushing of toilets. We have also changed all of our light bulbs to energy efficient light bulbs.

At the Somerset Vientiane, the serviced residence had accelerated the implementation of contactless check-in and payment processes as well as reduced paper usage. We are planning to replace high-wastage miniature bottles with bulk-sized bathroom amenities and create a garden full of herbs and fruits using recycled items, to be used as ingredients for our guests' breakfast. We have also changed most of our light bulbs to energy efficient light bulbs.

The Group believes that when these efforts are undertaken in its entirety, it underscores our commitment to the environment as a responsible business.

## COMMITMENT TO THE COMMUNITY

At AFGL, we believe in giving back to the communities in which we conduct business.

At the Holiday Inn Resort Phuket in Thailand, as per previous years, the resort staff volunteers participated in the Phuket Green Day beach cleaning at Patong beach, organised by the Phuket Hotel's Association and partnered with Vachira Phuket Hospital every quarter for the blood donation event.

To recognise the resort's outstanding support for disability inclusion and its continued commitment as a role model for the community, the Phuket Provincial Ufale presented the resort with a plaque and the resort is the only hotel in Phuket to receive this award.

The resort also supported Thailand's local education institutions such as Phuket Vocational College and Phuket Rajabhat University through internships where undergraduates have the opportunity to gain real-world experience in positions related to their field of study. In addition, workshops ranging from learning table manners and mocktail/cocktail preparation to understanding the concept of hygiene etc., were conducted in partnership with local hospitality schools to provide exposure for local students in the hospitality industry.

## SUSTAINABILITY REPORT

The 2023 Sustainability Report will be available by 29 April 2024 on our corporate website at [www.afgl.com.sg](http://www.afgl.com.sg). An announcement will be promptly released when the Sustainability Report is posted and available on the Singapore Exchange's website.



# CORPORATE DATA

## DIRECTORS

Koh Wee Seng (*Non-Executive Chairman*)  
 Chay Yue Kai (*Chief Executive Officer*)  
 Periakaruppan Aravindan (*Non-Executive Director*)  
 Roy Yeo Kan Kiang (*Lead Independent Director*)  
*(appointed on 28 February 2023 and as Lead Independent Director on 1 February 2024)*  
 Yeo Wee Kiong (*Independent Director*)  
 Pan Pei Say (*Independent Director*)  
*(appointed on 1 February 2024)*  
 Woo Peng Kong (*Lead Independent Director*)  
*(resigned on 10 November 2023)*  
 Ong Tuen Suan (*Independent Director*)  
*(resigned on 28 February 2023)*

## AUDIT COMMITTEE

Roy Yeo Kan Kiang (*Chairman*)  
 Periakaruppan Aravindan  
 Yeo Wee Kiong  
 Pan Pei Say

## NOMINATING COMMITTEE

Pan Pei Say (*Chairman*)  
 Koh Wee Seng  
 Roy Yeo Kan Kiang

## REMUNERATION COMMITTEE

Yeo Wee Kiong (*Chairman*)  
 Periakaruppan Aravindan  
 Roy Yeo Kan Kiang

## COMPANY SECRETARY

Lim Swee Ann  
 CPA, ACIS

## COMPANY REGISTRATION NO.

197301118N

## REGISTERED ADDRESS

Aspial One  
 55 Ubi Avenue 3 #04-01  
 Singapore 408864  
 Tel: 6266 2222  
 Fax: 6263 2340

## REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.  
 1 Harbourfront Avenue  
 #14-07 Keppel Bay Tower  
 Singapore 098632

## AUDITOR

Ernst & Young LLP  
 One Raffles Quay  
 North Tower Level 18  
 Singapore 048583  
 Public Accountants and Chartered Accountants Singapore  
 Engagement Partner: Tan Seng Choon  
*(effective from financial year ended 31 December 2022)*

# NETWORK OF OPERATIONS

## SINGAPORE

Aspial One  
55 Ubi Avenue 3 #04-01  
Singapore 408864  
Tel : 6266 2222  
Fax : 6263 2340

- *AF Global Limited*
- *L. C. Hotels Pte Ltd*
- *L. C. Logistics Pte Ltd*
- *LCD (Vietnam) Pte Ltd*
- *LCD (Indochina) Pte Ltd*
- *LCD Property Pte Ltd*
- *LCD Property Management Pte Ltd*
- *Draycott Garden Pte Ltd*
- *Hillgate Investment Pte Ltd*
- *Bon 88 Investment Pte Ltd*
- *Bon (38) Investment Pte Ltd*
- *Rawai 88 Investment Pte Ltd*
- *Rawai (38) Investment Pte Ltd*
- *AF Global Investment Holding Pte Ltd*
- *AF Rawai Hotels Pte Ltd*
- *AF Phuket Hotels Pte Ltd*

10 Collyer Quay  
#08-01 Ocean Financial Centre  
Singapore 049315  
Tel : 6222 1333  
Fax : 6224 5843

- *Cheong Hock Chye & Co. (Pte) Ltd*
- *Knight Frank Pte Ltd*
- *Knight Frank Property Asset Management Pte Ltd*
- *KF Property Network Pte Ltd*

## PEOPLE'S REPUBLIC OF CHINA

Gulou Square Tower C  
No. 226 Zhongshan North Road  
26 Floor Xuzhou 221007  
Jiangsu Province  
People's Republic of China  
Tel/Fax: (86 516) 8390 5285

- *Xuzhou YinJian LumChang Real Estate Development Co., Ltd*
- *Xuzhou RE Sales Co., Ltd*

Room 602-16, No. 32 Tieling Road  
Yangpu District, Shanghai 200092  
People's Republic of China  
Tel/Fax: (86 158) 6216 7916

- *AF (Shanghai) Business Consulting Co., Ltd*

## THAILAND

87/1 Capital Tower,  
All Seasons Place  
10th Floor, Room No. S10039  
Wireless Road, Lumpini Sub-district  
Patumwan District, Bangkok 10330  
Thailand  
Tel : (66 0) 2080 6116  
Fax : (66 2) 015 6202

- *AF Global (Thailand) Limited*
- *AF Global (Phuket) Limited*
- *HIRP (Thailand) Limited*
- *RP (Thailand) Limited*
- *RP Hotels (Thailand) Limited*

52 Thaweewong Road  
Tambol Patong  
Amphoe Kathu  
Phuket 83150  
Thailand  
Tel : (66 76) 370 200  
Fax : (66 76) 349 999

- *Holiday Inn Resort Phuket*

100 Wiset Road  
Tambol Rawai  
Amphoe Muang Phuket  
Phuket 83130  
Thailand

- *Phuket Rawai Beach Resort (Pending Completion)*

## VIETNAM

12 Mac Dinh Chi Street  
Da Kao Ward  
District 1, Ho Chi Minh City  
Vietnam  
Tel : (84 8) 3822 1111  
Fax : (84 8) 3822 8084

- *Cityview Property Investment & Trading Limited*
- *Cityview Apartments and Commercial Centre*

## LAOS

Souphanouvong Avenue  
Sikottabong District  
P.O. Box 4793  
Vientiane  
Lao P.D.R.  
Tel : (856 21) 250 888  
Fax : (856 21) 250 777

- *Gateway Enterprise Company Limited*
- *Somerset Vientiane*

## GROUP FINANCIAL HIGHLIGHTS

	2023 \$'000	2022 \$'000	% +/-
<b>FOR THE YEAR:</b>			
Revenue	28,376	16,240	+74.7
Profit/(loss) before taxation	5,307	(565)	NM
Profit/(loss) after taxation and non-controlling interests	2,644	(553)	NM
<b>AT 31 DECEMBER:</b>			
Shareholders' equity	208,874	211,543	-1.3
Total equity	261,469	262,348	-0.3
Total assets	317,420	318,296	-0.3
<b>PER SHARE:</b>			
Earnings/(loss) before taxation (Note 1)	0.50¢	(0.05)¢	NM
Earnings/(loss) after taxation and non-controlling interests (Note 1)	0.25¢	(0.05)¢	NM
Net asset value (Note 2)	\$0.20	\$0.20	-

**Notes:**

1. Earnings/(loss) per share is computed based on the weighted average number of ordinary shares in issue during the year.
2. Net asset value per share is computed by dividing the shareholders' equity by the number of ordinary shares in issue at the end of the year.

"NM": Not meaningful.



# FIVE-YEAR FINANCIAL SUMMARY

	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>					
<b>Continuing operations</b>					
Revenue	28,376	16,240	5,379	10,689	28,266
Profit/(loss) before taxation from continuing operations	5,307	(565)	(8,310)	(7,893)	816
Taxation	1,225	(66)	(668)	(384)	(1,186)
Profit/(loss) from continuing operations, net of tax	6,532	(631)	(8,978)	(8,277)	(370)
Non-controlling interests	(3,888)	78	3,152	3,400	(1,331)
Profit/(loss) from continuing operations, net of tax attributable to shareholders	2,644	(553)	(5,826)	(4,877)	(1,701)
<b>Discontinued operation</b>					
Profit from discontinued operation, net of tax	–	–	–	–	20,651
Profit/(loss) attributable to shareholders	2,644	(553)	(5,826)	(4,877)	18,950
<b>CONSOLIDATED BALANCE SHEET</b>					
Property, plant and equipment	190,842	196,626	207,415	230,128	247,301
Right-of-use assets	637	709	772	870	1,002
Joint venture companies	33,949	34,312	34,679	32,817	32,494
Investment securities	1,809	4,033	4,033	3,582	4,054
Other non-current assets	51,817	52,223	55,811	393	453
Net current assets	16,871	3,157	10,601	66,563	59,093
Non-current liabilities	(34,456)	(28,712)	(39,260)	(40,612)	(34,238)
Net assets	261,469	262,348	274,051	293,741	310,159
Share capital	209,518	209,518	209,518	209,518	209,518
Reserves	(644)	2,025	12,448	24,638	32,339
Shareholders' equity	208,874	211,543	221,966	234,156	241,857
Non-controlling interests	52,595	50,805	52,085	59,585	68,302
Total equity	261,469	262,348	274,051	293,741	310,159
<b>RATIOS</b>					
<b>Profit/(loss) from continuing operations, net of tax attributable to shareholders as a percentage of:</b>					
Revenue from continuing operations	9.3%	(3.4)%	(108.3)%	(45.6)%	(6.0)%
<b>Profit/(loss) attributable to shareholders as a percentage of:</b>					
Average total equity	1.0%	(0.2)%	(2.1)%	(1.6)%	5.7%
<b>Per share:</b>					
Earnings/(loss) before taxation from continuing operations (Note 1)	0.50¢	(0.05)¢	(0.79)¢	(0.75)¢	0.08¢
Earnings/(loss) after taxation and non-controlling interests (Note 1)	0.25¢	(0.05)¢	(0.55)¢	(0.46)¢	1.80¢
Net asset value (Note 2)	\$0.20	\$0.20	\$0.21	\$0.22	\$0.23
<b>Dividends paid and proposed:</b>					
Special Dividends	–	–	–	–	6.50¢

## Notes:

- Earnings/(loss) per share is computed based on the weighted average number of ordinary shares in issue during the year.
- Net asset value per share is computed by dividing the shareholders' equity by the number of ordinary shares in issue at the end of the year.

## BOARD OF DIRECTORS

**Mr Koh Wee Seng** is the Chief Executive Officer and Executive Director of Aspial Corporation Limited, and the Non-Executive Chairman of Aspial Lifestyle Limited (formerly known as Maxi-Cash Financial Services Corporation Ltd). Mr Koh is responsible for the strategic planning, overall management and business development of Aspial Group. He has successfully led Aspial Group's diversification into the property business and financial service business.

Mr Koh holds a Bachelor degree in Business Administration from the National University of Singapore.

**Mr Chay Yue Kai** has over 40 years of working experience in both local and regional property development and investment businesses. He joined L.C. Development Ltd (the former name of AFGL) as Senior Manager and became an Executive Director of the property division in 2005. Mr Chay was with AFGL Group from October 2002 to January 2012. He was Managing Director of Guocoland China (Beijing and North China) from 2012 to 2013. From 2013 to 2014, he was Head of Real Estate Development of Straits Trading Company.

Mr Chay holds a Bachelor of Science (Honours) degree in Building from the University of Singapore (now known as the National University of Singapore).

**Mr Periakaruppan Aravindan** is the Deputy Chief Executive Officer and Executive Director of Fragrance Group Limited, a company which was previously listed on the SGX-ST. The business of Fragrance Group Limited includes property development, investment and management of hotel properties. Mr Aravindan has over 20 years of experience in the property and hotel industry and has extensive experience in finance, accounting, secretarial and tax functions.

Mr Aravind is a Chartered Accountant and a non-practicing member of the Institute of Singapore Chartered Accountants. He is also a fellow of the Association of the Chartered Certified Accountants, United Kingdom. Mr Aravindan graduated with a Bachelor in Commerce and a Master in Business Administration (Finance) from the Madurai Kamaraj University.

**Mr Yeo Wee Kiong** who is retired, is a Director and Chairman in Ezyhealth group. He was also previously a Board member of Heliconia Capital Management Pte Ltd, a subsidiary of Temasek Holdings and an ex-Director of a leading Singapore law firm. Prior to that, he was the managing partner of a law corporation which he founded. He was a former investment banker with a Singapore-based UK merchant bank and a senior industry officer with a government statutory board.

Mr Yeo holds a Bachelor degree in Engineering (Mechanical) (First Class Honours) and a Master in Business Administration from the then University of Singapore and the National University of Singapore respectively. He also graduated with an honours degree in law from the University College of London and is also a Barrister-at-Law of Lincoln's Inn for England and Wales.

**Mr Roy Yeo Kan Kiang** was appointed to the Board in February 2023. He has been in legal practice for 27 years. Mr Yeo is active in community service in Tanjong Pagar GRC – being a member of the Tanjong Pagar-Tiong Bahru CCC and a Town Councillor with the Tanjong Pagar Town Council. For his active involvement and participation in grassroots/ community service in Singapore, Mr Yeo was awarded the Public Service Medal (PBM) by the President of the Republic of Singapore in 2011 National Day Awards.

Mr Yeo holds a Bachelor of Laws (Honours) degree from the University of Bristol, United Kingdom and is a Barrister-at-law, Middle Temple.

**Ms Pan Pei Say** was appointed to the Board in February 2024. She has over 30 years of experience in the banking and financial industry, in which she is well-versed and has 30 years of experience in evaluating applications of property development loans from small and medium enterprises as well as large corporations for both residential and commercial projects. Her last held position was Senior Vice President of Credit Marketing at a leading finance company in Singapore.

Ms Pan holds a Diploma in Banking and Finance from the Institute of Banking and Finance Singapore.



# CORPORATE GOVERNANCE

## INTRODUCTION

The board of directors (the “**Board**” or the “**Directors**”) of AF Global Limited (the “**Company**”) recognises that a high standard of corporate governance ultimately promotes greater transparency, accountability, performance and integrity. The Company is committed to maintain sound corporate governance practices in accordance with the spirit and principles embodied in the Singapore Code of Corporate Governance 2018 (the “**Code**”) to protect and enhance the interests and value of its shareholders.

This report describes the Company’s corporate governance practices and structures that were in place during the financial year ended 31 December 2023 (“**FY2023**”), with specific reference made to the principles and provisions of the Code and accompanying Practice Guidance, which forms part of the continuing obligations under the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) and the Singapore Companies Act 1967. The focus shall be on areas such as internal controls, risk management, financial reporting, internal and external audits.

The Board confirms that the Company has adhered to the principles and provisions as set out in the Code and the Practice Guidance in all material respects, where relevant and practical. In areas where the Company’s practices vary from any provisions of the Code and/or the Practice Guidance, the Company has stated herein the provision of the Code and Practice Guidance from which it has varied, and appropriate explanations are provided for the variation, and how the practices the Company had adopted are consistent with the intent of the relevant principles of the Code and Practice Guidance. The Company will continue to assess its needs and implement appropriate practices accordingly.

## I. BOARD MATTERS

### THE BOARD’S CONDUCT OF AFFAIRS

**Principle 1:** *The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.*

The Board directs and leads the business affairs of the Company and its subsidiaries (collectively, the “**Group**”) and is responsible for setting the Group’s strategic objectives, providing the necessary leadership and guidance in the execution of the Group’s plans and ensuring that sufficient financial and human resources are in place for the Group to meet its objectives. The Board works with the senior management team of the Company (the “**Management**”) to achieve these goals set for the Group. To ensure smooth operations, facilitate decision making and ensure proper controls, the Board has, without abdicating its responsibility, delegated some of its powers to its specialised committees and the Management. The specialised committees and the Management remain accountable to the Board.

The Board also takes a proactive approach towards reviewing and monitoring the Management’s performance and the Group’s financial performance as well as continuously assessing and updating the Group’s internal controls in order that the business and operational risks are properly managed, including safeguarding of shareholders’ interests and the Group’s assets. Sustainability issues are carefully considered by the Board in its business approach. In addition, the Board identifies key stakeholder groups and recognises that their perceptions affect the Company’s reputation.

The Group has adopted internal guidelines for borrowings, acquisitions, disposals, investments and capital or operational expenditure. Apart from specific matters that require the Board’s approval which is clearly communicated to the Management in writing, including but not limited to share issues, dividend distribution and share buybacks, the Board also reviews and approves major transactions of the Group.

All Directors exercise reasonable diligence and independent judgment when making decisions and are obliged to act honestly and consider the interests of the Company at all times. All Directors act objectively in the best interests of the Company. Directors who face conflicts of interest have recused themselves from discussions and decisions involving the relevant issues of conflict. In addition, the Board also sets the Group’s corporate values and standards which include ethical standards and ensures that obligations to shareholders and others are understood and met. The Board has put in place a code of conduct and ethics, setting an appropriate tone-from-the-top and the desired organisation culture, to ensure proper accountability within the Group.

# CORPORATE GOVERNANCE

The Board has, without abdicating its responsibility, delegated certain matters to specialised committees of the Board. The specialised committees comprise the Audit Committee (“AC”), the Nominating Committee (“NC”) and the Remuneration Committee (“RC”) (collectively, the “Board Committees”). The Board Committees assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. The Board Committees function within clearly defined terms of reference (which sets out, among others, the composition, authorities and duties of each Board Committee) and operating procedures. The effectiveness of the Board is also reviewed by the Board on an annual basis.

The Board meets at least four (4) times a year for regularly scheduled meetings, and as often as may be required to deal with ad hoc matters. Each Director attends and actively participates in Board and Board Committee meetings. Additionally, approvals from the Board and the Board Committees are also sought by circular resolutions. The Company’s Constitution allows the Board and the Board Committees meetings to be held by means of telephone conferencing, video conferencing, audio visual or other similar communications equipment so as to enhance efficiency and allow for timely meetings. All Directors (particularly Directors who have multiple board representations) have confirmed that they are able to devote sufficient time and attention to the affairs of the Company.

The details of the number of the Board, Board Committees and general meetings held in FY2023 and the attendance of each Director at those meetings are set out below:

	Board	Audit Committee	Nominating Committee	Remuneration Committee	General Meetings
	<b>Number of Meetings held in FY2023</b>				
	<b>4</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>Name of Directors</b>	<b>Number of Meetings attended</b>				
Koh Wee Seng	4	2*	1	1*	1
Chay Yue Kai	4	2*	1*	1*	1
Periakaruppan Aravindan	3	2	1*	1	1
Roy Yeo Kan Kiang <sup>(1)</sup>	3	1	–	–	1
Yeo Wee Kiong	4	2	1*	1	1
Woo Peng Kong <sup>(2)</sup>	4	2	1	1	1
Ong Tuen Suan <sup>(1)</sup>	1	1	1	1*	–

(1) Mr Roy Yeo Kan Kiang was appointed as an Independent Director on 28 February 2023. Mr Ong Tuen Suan has resigned as an Independent Director with effect from 28 February 2023.

(2) Mr Woo Peng Kong has resigned as an Independent Director with effect from 10 November 2023. Ms Pan Pei Say was appointed as an Independent Director on 1 February 2024 in place of Mr Woo.

\* By invitation.

In order to keep pace with the developments in the business, financial, regulatory and legal environments, the Company provides the Directors opportunities through various training programmes to equip themselves with adequate knowledge and training, at the Company’s expense. A formal letter of appointment has been provided to the existing Non-Executive Directors which sets out the Directors’ duties and responsibilities and the Board governance policies and practices. In line with the Code’s best practices, a formal letter of appointment will be provided to new Directors, setting out the Director’s roles, obligations, duties and responsibilities and the expectations of their contributions as a member of the Board of the Company and under the law. They are also given an orientation on the Group’s operations and strategic directions so as to familiarise them with the Group’s businesses and corporate governance practices, and to encourage effective participation in Board discussions. Directors receive regular updates during meetings on changes in the relevant laws and regulations, changing commercial risks and business conditions to enable them to make well-informed decisions. The Company Secretary also briefed the Board on recent changes to the Listing Manual and the Code, as part of a continued effort to update the Board on the Group’s processes towards regulatory compliance. All Directors are familiar with the Group’s businesses as well as their duties as a Director of the Company.

# CORPORATE GOVERNANCE

As at the date of this report, all Directors have attended the prescribed sustainability training course authorised by the Singapore Exchange Regulation (“**SGX Regco**”) to equip themselves with basic knowledge on sustainability matters. For the newly appointed Director, Management will arrange for her to attend the prescribed training course within six (6) months from her date of appointment.

To enable the Directors to make a balanced and informed assessment of the Group’s performance, position and prospects, the Management provides management accounts, financial and business reports to the Board on a regular and timely basis as well as such explanation and information as the Board may require from time to time. Board papers and related materials, background or explanatory notes are provided to the Directors prior to each Board or Board Committees meeting. Circular meetings are also accompanied by relevant and sufficient information for the Directors to make their decisions. In presenting the annual financial statements and announcements of financial results, the Board ensures it has taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Manual of the SGX-ST. The Board reviews and approves all half-year and full year announcements of results and other price sensitive reports with an aim to provide shareholders with a balanced and understandable assessment of the Group’s performance, financial position and prospects. The aforementioned information provided by the Management is complete, adequate and timely in order to enable the Directors to make informed decisions and discharge their duties and responsibilities.

The Board also has separate and independent access to the Management and the Company Secretary at all times. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with, ensuring good information flows within the Board and its Board Committees and between Management and Non-Executive Directors under the direction of the Non-Independent Non-Executive Chairman, as well as advising the Board on corporate governance matters. The Company Secretary attends all Board and Board Committee meetings, facilitates orientation and assists with professional development, if required.

The appointment and removal of the Company Secretary is subject to the approval of the Board as a whole.

Subject to the approval of the Non-Independent Non-Executive Chairman, the Directors may, either individually or as a group, seek and obtain independent professional advice to assist them in furtherance of their duties, at the Company’s expense.

## BOARD COMPOSITION AND GUIDANCE

**Principle 2:** *The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.*

As at the date of this report, the Board comprises the following six (6) Directors, two (2) of whom are Non-Independent Non-Executive Directors and three (3) of whom are Independent Non-Executive Directors:

### Executive Director

Chay Yue Kai Executive Director and Chief Executive Officer (“**CEO**”)

### Non-Independent Non-Executive Directors

Koh Wee Seng Non-Independent Non-Executive Chairman

Periakaruppan Aravindan Non-Independent Non-Executive Director

### Independent Non-Executive Directors

Roy Yeo Kan Kiang Lead Independent Director (*appointed as Lead Independent Director on 1 February 2024*)

Yeo Wee Kiong Independent Non-Executive Director

Pan Pei Say Independent Non-Executive Director (*appointed on 1 February 2024*)

The Independent Non-Executive Directors make up half of the Board and provide a strong and independent element to the Board. Although the current composition of the Board does not meet the standard set out in the provision of the Code, the Board is of the view that it is able to exercise judgment on the Group’s affairs as decisions are made collectively after due discussions and deliberation by the Board. In addition, Non-Executive Directors which form a majority of the Board provide appropriate checks on the Management.

# CORPORATE GOVERNANCE

The Independent Non-Executive Directors have confirmed that (a) they are independent in conduct, character and judgment, and they do not have a relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgment in the best interests of the Company; (b) they are not being employed by the Company or any of its related corporations for the current or any of the past three (3) financial years; and (c) they do not have an immediate family member (being a spouse, child, adopted child, step-child, sibling and parent) who is, or has been in any of the past three (3) financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC.

The independence of the members of the Board is reviewed regularly by the NC in accordance with the Code's definition of what constitutes an independent director. The NC has carried out a review to assess the independence and contribution of the Independent Non-Executive Directors. The Board has concurred with the NC that the Independent Non-Executive Directors have continued to demonstrate strong independence in their judgment and the discharge of their responsibilities and have acted in the best interest of the Company.

Currently, none of the Independent Non-Executive Directors have served on the Board for more than nine (9) years from the date of their first appointments.

The Board has considered its present Board size of six (6) Directors and is satisfied that it is productive and effective in facilitating the Board's decision making, given the Group's size and business.

With a view to achieving a sustainable and balanced development, the Company sees diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. The Company is accordingly committed to promoting diversity of the Board. The Company has adopted its diversity policy (the "**Board Diversity Policy**"). In designing the Board's composition, the Board Diversity Policy requires the NC and the Board to consider a number of aspects, including but not limited to gender, age, nationalities, cultural background, educational background, experience, skills, knowledge, independence and length of service. The Board expects the policy to foster an inclusive and diverse culture that introduces different perspectives and experiences that will ultimately promote better corporate governance.

The Board is aware that the Board Diversity Policy should include the following:

- (a) the Company's targets to achieve diversity on its Board;
- (b) the Company's accompanying plans and timelines for achieving the targets;
- (c) the Company's progress towards achieving the targets within the timelines; and
- (d) a description of how the combination of skills, talents, experience and diversity of its directors services the needs and plans of the Company.

In identifying nominees for directorship, the Board Diversity Policy aims to have an appropriate mix of expertise with complementary skills, core competencies and experience for facilitating effective decision making. Each Director has been appointed based on his/her skills, experience and knowledge, and is expected to bring forth his/her experience and expertise to the Board for the continuous development of the Group. The Board Diversity Policy provides that the NC will consider all aspects of diversity in reviewing the Board composition and succession planning.

The NC is of the view that the current Board comprising members from diverse backgrounds, age group, competencies, experience and skills provides the Board with a good mix of expertise to direct and lead the Group effectively.

In recognition of the importance and value of gender diversity in the composition of the Board, the Company has recently appointed a female director. Ms Pan Pei Say has been a member of the Board since February 2024.

The Directors' profiles of the current Board are found under the section entitled "Corporate Governance – Board of Directors" of this annual report. The Board comprises Directors who provide core competencies in accounting and finance, business experience, industry knowledge, legal expertise, strategic planning and customer-based experience and knowledge. Their age ranges from late-40s to late-70s, who have served on the Board for different tenures.

# CORPORATE GOVERNANCE

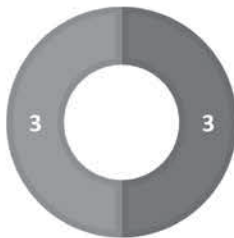
The varied experiences of the Directors enable them to effectively contribute to the Board and are particularly important in ensuring that the strategies proposed by the Management are fully discussed and examined, taking into account the long-term interests of the Company, the Group and shareholders.

Details of the Board’s skill sets and composition as at the date of this report are as follows:

BOARD SKILL SETS
Accounting and financial management
Banking and financial industry
Business entrepreneurship
Legal
Property and hotel industry
Strategic planning

### BOARD INDEPENDENCE

■ Non-Independent Directors ■ Independent Directors



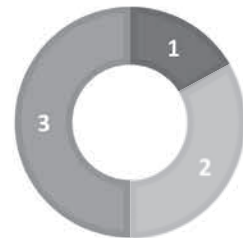
### BOARD GENDER DIVERSITY

■ Female Directors ■ Male Directors



### DIRECTORS' AGE GROUP

■ 40-49 ■ 50-59 ■ 60-69



In this respect, the Board believes that no action at this time would give additional benefits to the Company. Accordingly, the NC has not recommended that any measurable quantitative objectives in relation to diversity be adopted at this stage of the Company’s development. Neither the Board nor NC has identified any discriminatory practices in the Company. The NC reviews its targets for diversity from time to time and may recommend changes or additional targets to achieve greater diversity. In addition, the NC reviews the Company’s Board Diversity Policy from time to time, as appropriate, to ensure its continued effectiveness and relevance, and any revisions, where necessary, will be recommended to the Board for approval. It will also continue its identification and evaluation of suitable candidates to ensure there is diversity (including gender diversity) on the Board.

With their expertise in the respective fields, the Non-Executive Directors would constructively challenge and help develop proposals on the Group’s strategy and review the performance of the Management in meeting agreed goals and objectives as well as monitor the reporting of performance.

Apart from regularly scheduled meetings, the Non-Executive Directors also hold informal discussions without the presence of the Management. In addition, the Lead Independent Director organises meetings among Independent Non-Executive Directors without the presence of Management. Matters discussed at meetings of the Non-Executive Directors (comprising Non-Independent Non-Executive Directors and Independent Non-Executive Directors) and meetings of the Independent Non-Executive Directors are thereafter raised at Board meetings and considered by the Board as a whole.

# CORPORATE GOVERNANCE

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

**Principle 3:** *There is a clear division of responsibilities between the leadership of the Board and Management and no one individual has unfettered powers of decision-making.*

The roles of the Chairman and the CEO are segregated to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The posts of the Non-Independent Non-Executive Chairman and the CEO are held by Mr Koh Wee Seng and Mr Chay Yue Kai respectively.

As the Non-Independent Non-Executive Chairman, Mr Koh Wee Seng is responsible for, among others, leading the Board to ensure its effectiveness on all aspects of its role, setting the agenda and ensuring that adequate time is provided for discussion of all agenda items, in particular strategic issues, exercising control over the completeness, adequacy and timeliness of supply of information to the Board and promoting high standards of corporate governance. At Board meetings, he promotes a culture of openness and ensures that the Non-Executive Directors are able to communicate freely and contribute effectively. At shareholders' meetings, the Chairman plays an important role in promoting constructive dialogue between shareholders, the Board and the Management. He also plays a significant leadership role by providing clear oversight, advice and guidance to the Management.

Mr Chay Yue Kai, who is an Executive Director and the CEO, has full executive responsibilities over the Group's business directions and operational decisions. Other than overseeing the general operations and business dealings in the day-to-day management of the Group, he plays a key role in business development and in expanding the Group's strategic alliances.

Where necessary, the Lead Independent Director, Mr Roy Yeo Kan Kiang, takes the lead in situations where the Non-Independent Non-Executive Chairman is conflicted. As Lead Independent Director, he is available to shareholders when they have concerns and for which their previous contact through the normal channels has failed to resolve or is inappropriate.

## BOARD MEMBERSHIP

**Principle 4:** *The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.*

The Chairman of the NC, Ms Pan Pei Say, is an Independent Non-Executive Director who is neither a substantial shareholder nor directly associated with a substantial shareholder. Mr Roy Yeo Kan Kiang, the Lead Independent Director, is a member of the NC.

The NC comprises the following three (3) members, two (2) of whom, including the Chairman, are Independent Non-Executive Directors:

Pan Pei Say	Chairman
Roy Yeo Kan Kiang	Member
Koh Wee Seng	Member

The NC carries out its duties in accordance with a set of written terms of reference which includes, mainly, the following:

- (a) regularly review the structure, size, composition (including skills, knowledge, experience and diversity) of the Board with a view to facilitate effective decision making and make recommendation to the Board with regard to any changes;
- (b) assist the Board on matters in relation to Board appointments and identification of new Directors (including search and nomination) who have the appropriate knowledge, experience and skills to contribute effectively to the Board;
- (c) before recommending an appointee to the Board, the NC shall ask him to disclose any existing or expected future business interests that may lead to a conflict of interest. This disclosure is to be included in any recommendations to the Board;
- (d) following the Board's confirmation, the NC will send the newly-appointed Director a formal appointment letter which clearly sets out his/her roles and responsibilities and terms of reference;

# CORPORATE GOVERNANCE

- (e) recommends the membership of the Board Committees to the Board;
- (f) recommend to the Board on the re-appointment of Directors, for re-election of Directors in accordance with the Company's Constitution at each annual general meeting having regard to the Director's contribution, commitment, range of expertise and performance;
- (g) implement and adopt a formal assessment process and criteria for evaluating the Board, the Board Committees and individual Directors;
- (h) assess the contribution by the Chairman and each individual Director to the effectiveness of the Board and the commitment of the individual to his/her respective role;
- (i) review succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- (j) determine annually, and as and when circumstances require, through process and criteria whether or not a Director is independent;
- (k) determine the maximum number of listed companies that a Director may be a board member and document the basis for setting this limit;
- (l) decide whether or not a director is able to and has been adequately carrying out his/her duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments;
- (m) assessing the effectiveness of the Board as a whole, and Board Committees and the contribution of each individual Director to the effectiveness of the Board;
- (n) recommending to the Board the development of a performance framework and deciding how the performance of the Board may be evaluated and proposing objective performance criteria. The Chairman of the NC should act on the results of the performance evaluation, recommend areas that need improvement;
- (o) strategise to roll out the succession plans of Independent Non-Executive Directors in phases;
- (p) review and recommend training and professional development programs for the Board and its Directors;
- (q) report on its findings and recommendations after each NC meeting to the Board; and
- (r) ensure compliance with the Code in respect of disclosure requirements in the Company's annual report.

In accordance with Regulation 88 of the Company's Constitution, the Company may by Ordinary Resolution appoint any person to be a Director either as an additional Director or to fill a casual vacancy. Without prejudice thereto the Directors shall also have power at any time so to do, but so that the total number of Directors shall not thereby exceed the maximum number (if any) fixed by or in accordance with this Constitution. Any person so appointed by the Directors shall hold office only until the next Annual General Meeting ("AGM") and shall then be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such AGM. In accordance with Regulation 89 of the Company's Constitution, at least one-third of the Directors (being those who have been longest in office since the last re-election) retire from office by rotation and every Director of the Company shall retire at least once in every three (3) years. A retiring Director shall be eligible for re-election. In recommending that a Director be nominated for re-election, the NC assesses each Director's suitability for re-appointment prior to making its recommendation, carefully taking into consideration factors such as the Director's record of attendance and participation, his/her candour, performance and overall contribution to the Board and the Group as well as his/her ability to adequately carry out the duties expected while performing his roles in other companies or in other appointments. Mr Yeo Wee Kiong and Mr Periakaruppan Aravindan will be seeking re-election pursuant to Regulation 89 of the Company's Constitution and Rule 720(5) of the Listing Manual of the SGX-ST and Ms Pan Pei Say pursuant to Regulation 88 as Directors at the forthcoming AGM of the Company. The NC has reviewed and is satisfied with their contribution and performance as Directors and has recommended their nomination for re-election. The details of the Directors seeking for re-election are found under the section entitled "Additional Information on Directors Nominated for Re-election – Appendix 7.4.1" of this annual report.

# CORPORATE GOVERNANCE

Mr Yeo Wee Kiong will, upon re-election as an Independent Director of the Company, remain as an Independent Non-Executive Director, Chairman of the RC and a member of the AC and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

Mr Periakaruppan Aravindan will, upon re-election as a Non-Executive and Non-Independent Director of the Company, remain as a Non-Executive and Non-Independent Director, a member of the AC and RC and will not be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

Ms Pan Pei Say will, upon re-election as an Independent Director of the Company, remain as an Independent Non-Executive Director, Chairman of the NC and a member of the AC and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.

The NC is responsible for determining annually, and as and when circumstances require, whether a Director is independent. Each Independent Non-Executive Director is required to complete and submit a checklist which has been drawn up based on the guidelines of the Code to confirm his/her independence annually. If an Independent Non-Executive Director no longer meets the criteria for independence due to a change in circumstances, he shall notify the NC immediately. The Independent Non-Executive Directors have confirmed that:

- (a) they, their immediate family members, or an organisation which they, or their immediate family members are not a substantial shareholder, partner (with 5% or more stake), executive officer or director in, have no relationships including business relationships with the Company or any of its related corporations;
- (b) they do not have any direct association with a substantial shareholder of the Company (direct association means accustomed or under an obligation, whether formal or informal, to act in accordance to the directions, instructions or wishes of the substantial shareholder in the corporate affairs of the Company), in the current and immediate past financial year; and
- (c) they or their immediate family members, or a company that they and/or their immediate family members are not a substantial shareholder in, have not provided to or received from the Company or its subsidiaries any significant payments or material services, other than their service as a Director of the Company and Directors' fees received for their service as a Director of the Company.

The Board has determined that no Director shall hold more than six (6) listed company board representations concurrently even if that Director has the capability of managing that many listed company board representations as the Board is of the view that more than six (6) concurrent listed company board representations will interfere with the Director's ability to devote sufficient time and attention to the affairs of the Company. Currently, no Director holds more than six (6) listed company board representations concurrently. All Directors are required to declare their board representations. Where a Director has multiple board representations, the NC assesses whether or not the Director is able to and has adequately carried out his/her duties as a Director of the Company. Taking into consideration each Director's number of listed company board representations and other principal commitments, the NC is satisfied that all the Directors have given sufficient time and attention to the affairs of the Company during FY2023. In fact, the Directors share relevant experience from their involvement in such other appointments.

Currently, the Board does not have any alternate Director and did not appoint any alternate Directors for FY2023. The Board will avoid the appointment of alternate Directors, save for limited periods in exceptional cases such as when a Director has a medical emergency.

The NC selects and recommends new Directors for appointment after it reviews the composition of the Board and identifies the skill sets which will enhance the Board's overall effectiveness. Potential candidates are identified from various sources. The NC conducts an initial assessment to review the candidate's experience, core competency, industry knowledge and general ability to contribute to the Board's proceedings followed by interviewing short-listed candidates. The proposed candidate's independence, expertise background and right skills will be considered before the Board approves the appointment. The NC also ensures new Directors are aware of their duties and obligations. Newly appointed Directors are required to submit themselves for re-election at the next AGM of the Company.

The profile and relevant information regarding the Directors are set out in the "Board of Directors" and "Corporate Governance – Board of Directors" sections of this annual report. In addition, information of the interests of the Directors who held office at the end of the financial year in shares, debentures and share options/awards in the Company and its related Corporations (other than the wholly-owned subsidiaries) are set out in the "Directors' Statement" section of this annual report.



# CORPORATE GOVERNANCE

## BOARD PERFORMANCE

**Principle 5:** *The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.*

The NC determines the criteria on which the performance of the Board, each Board Committee and each individual Director is to be evaluated and, subject to the approval from the Board, proposes objective performance criteria which allow for comparisons with industry peers and address how the Board has enhanced long-term shareholders' value as well as the process for the evaluation of the effectiveness of the Board as a whole, the effectiveness of each Board Committee, the contribution by the Chairman to the Board, and the contribution of each individual Director to the Board. To evaluate the effectiveness of the Board as a whole and the Board Committees, the NC considers the adequacy and size of the Board and Board Committees, the background, knowledge and experience of its members, the Board's and Board Committees' access to information, the Board and Board Committees processes and accountability, and communication with the Management. Individual evaluation is also carried out to assess whether each Director continues to contribute effectively and demonstrates commitment to his/her role and duties in the time and effort dedicated to the affairs and business of the Group. The Directors participated in the evaluation by providing feedback to the NC in the form of completing performance evaluation questionnaires. The assessment results are presented to the Non-Independent Non-Executive Chairman and follow-up action is taken, in consultation with the NC, to address any areas of improvement.

The evaluation process is carried out annually by the NC and the criteria for evaluation is reviewed each year for changes to be made where circumstances require. No external facilitator was used for the evaluation process for FY2023.

## II. REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

**Principle 6:** *The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his own remuneration.*

The RC comprises the following three (3) members, two (2) of whom, including the Chairman, are Independent Non-Executive Directors and all of whom, including the Chairman, are Non-Executive Directors:

Yeo Wee Kiong	Chairman
Periakaruppan Aravindan	Member
Roy Yeo Kan Kiang	Member

The RC carries out its duties in accordance with a set of written terms of reference which includes, mainly, the following:

- (a) review and recommend to the Board a framework of remuneration for each member of the Board and key management personnel, and the specific remuneration packages for each member of the Board and key management personnel. The review covers all aspects of remuneration including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kinds, wherever applicable;
- (b) review the Group's obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous; ensuring the remuneration of the Non-Executive Director is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities;
- (c) implement and administer the Company's share-based incentive plan(s) and long-term incentive plan(s), including reviewing whether Executive Directors and key management personnel should be eligible for benefits under the incentive plan(s) and considering implementing schemes to encourage Non-Executive Directors to hold shares in the Company;
- (d) ensure the contractual terms and any termination payments are fair to the individual and the Company;

# CORPORATE GOVERNANCE

- (e) consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group;
- (f) at its discretion, seek expert advice on remuneration matters and ensure that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants;
- (g) report regularly to the Board on the exercise of its duties, identifying those matters which it considers require action or improvement, and making recommendations as to the necessary steps to be taken; and
- (h) report on its findings and recommendations after each RC meeting to the Board; and ensure proper disclosure of the Company's remuneration policies, level and mix of remuneration and the procedure for setting remuneration, in the Company's annual report.

The RC ensures that a formal and transparent procedure is in place for determining the remuneration packages of individual Directors and key management personnel. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits in kinds are reviewed by the RC. The recommendations of the RC are submitted for endorsement by the entire Board.

An Executive Director who is not a member of the RC may attend meetings of the RC. None of the members of the RC or Directors is involved in deciding his/her own remuneration package.

In reviewing the remuneration packages, the RC takes into account the current market circumstances and the need to attract and retain Directors who have experience and are of good standing. The RC has full authority to obtain expert advice on matters relating to remuneration should the need arise. No remuneration consultant was appointed by the RC in FY2023.

The contract of service of an Executive Director is for a fixed appointment period that does not exceed five (5) years and does not contain onerous removal clauses. The RC reviews the fairness and reasonableness of termination clauses of the contract of service to ensure that the contract of service contains fair and reasonable clauses which are not overly generous with an aim to be fair and avoid rewarding poor performance. None of the Non-Executive Directors has a contract of service with the Company.

## LEVEL AND MIX OF REMUNERATION

***Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.***

The remuneration of the Executive Director and key management personnel consist of a basic component, a variable component and other appropriate benefits in kind set below. A significant and appropriate proportion of the remuneration of the Executive Director and the key management personnel (who are not Directors or the CEO) is a variable component so as to link rewards to the performance of the Group's businesses and the individual's performance and contribution.

### (a) Basic component

The basic component comprises basic salary, statutory employer's contributions to the Central Provident Fund ("CPF") and fixed allowances. It is set taking into consideration the role and responsibilities of the individual, the performance of the Group and the individual as well as market and employment conditions.

### (b) Variable component

In awarding the variable component, namely, bonus, due consideration is given to the performance of the Group's business and the individual's performance and contribution. Performance is assessed by the achievement of key performance indicators which would include measurable financial targets and meaningful non-financial targets. The RC is of the view that the remuneration policy aligns the interest of the individual with those of the shareholders, link rewards to the financial condition and performance of the Group, and promotes the long-term success of the Company. The remuneration policy also takes into account the risk policies of the Company, is symmetric with risk outcomes, and sensitive to time horizon of risks.

# CORPORATE GOVERNANCE

## (c) Benefits in kind

The Group provides benefits consistent with market practice, such as medical and dental benefits and insurance coverage. The grant of such benefits will be dependent on the seniority and length of service of the individual; and the requirement of the job.

Directors' fees are set in accordance with a remuneration framework based on the level of responsibility and scope of work. Non-Executive Directors are paid fixed Directors' fees appropriate to their level of contribution, taking into account factors such as effort and time spent, and their responsibilities on the Board and Board Committees. The Independent Non-Executive Directors would not be over-compensated to the extent that their independence is compromised. Executive Directors do not receive Directors' fees. Non-Executive Directors are paid Directors' fees annually, subject to approval at the AGM of the Company.

The Group does not use contractual provisions to reclaim incentive components of remuneration from the Executive Director and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. The Group should be able to avail itself to remedies against the Executive Director and key management personnel in the event of such breach of fiduciary duties. The RC is of the view that the current remuneration packages and/or Directors' fees are appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel (who are not Directors or the CEO) to successfully manage the Company in the long-term.

## DISCLOSURE ON REMUNERATION

**Principle 8:** *The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.*

The Board has not included a separate annual remuneration report to shareholders on the remuneration of Directors and the key management personnel (who are not Directors or the CEO of the Company) in this annual report as the Board is of the view that the matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this report and in the financial statements of the Group.

### Disclosure on Directors' Fees and Remuneration

A breakdown of the remuneration bands and the level and mix of the remuneration (in percentage terms) payable to each individual Director for FY2023 is as follows:

	<u>Name of Directors</u>	<u>Salary (including CPF) %</u>	<u>Bonus, Profit Sharing %</u>	<u>Other Fee Benefits %</u>
\$500,000 to below \$750,000	Chay Yue Kai	61	39	–
Below \$100,000	Koh Wee Seng	–	–	100
	Periakaruppan	–	–	100
	Aravindan	–	–	100
	Roy Yeo Kan Kiang <sup>(1)</sup>	–	–	100
	Yeo Wee Kiong	–	–	100
	Woo Peng Kong <sup>(2)</sup>	–	–	100
	Ong Tuen Suan <sup>(1)</sup>	–	–	100

(1) Mr Roy Yeo Kan Kiang was appointed as an Independent Director with effect from 28 February 2023. Mr Ong Tuen Suan has resigned as an Independent Director with effect from 28 February 2023.

(2) Mr Woo Peng Kong has resigned as an Independent Director with effect from 10 November 2023.

The Board has decided not to disclose the remuneration details of the Directors due to confidentiality and sensitivity attached to remuneration matters, and it would not be in the best interest of the Company to disclose the exact details of the remuneration of the Directors.

# CORPORATE GOVERNANCE

## Remuneration of Key Management Personnel (who are not Directors or the CEO)

A breakdown of the remuneration band and the level and mix of the remuneration (in percentage terms) payable to the key management personnel (who are not Directors or the CEO) for FY2023 is as follows:

	<b>Number of Key Management Personnel</b>	<b>Salary %</b>	<b>Bonus %</b>	<b>Other Benefits %</b>
\$100,000 to below \$200,000	3	86	14	–

For FY2023, the Group only had three key management personnel (who are not Directors or the CEO).

The remuneration of the Group's key management personnel (who are not Directors or the CEO) in aggregate was \$476,198 for FY2023. We have disclosed the remuneration in narrower bands of \$100,000 but have not identified the key management personnel to maintain confidentiality and for commercially sensitive reasons.

There were no employees who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds \$100,000 during FY2023.

Save for the remuneration and the Directors' fees disclosed above, there were no other forms of remuneration or other payments and benefits paid by the Company and its subsidiaries, including termination, retirement and post-employment benefits that may be granted to the Directors, the CEO and the key management personnel (who are not Directors or the CEO) for FY2023.

The Company does not have any employee share scheme currently in force.

Given that remuneration matters are highly confidential and sensitive in nature, the Board is of the view that appropriate disclosures of information have been made although not to the full extent as recommended by the Code.

## ACCOUNTABILITY AND AUDIT

### RISK MANAGEMENT AND INTERNAL CONTROLS

**Principle 9: *The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls to safeguard the interests of the company and its shareholders.***

Based on an enterprise risk management exercise carried out by an external consultant previously, key areas of risks covering financial, operational, compliance and strategic risks faced by the Group were assessed and prioritised. A risk profile determining suitable risk tolerance levels for each business segment covering different geographic locations was compiled and a consistent set of risk policies adopted to manage such risks on a more structured and systematic basis.

A risk management framework on the Group's ongoing process in identifying, assessing and reporting risks was also formalised and reviewed regularly. The Group's internal audit function performs risk assessment and conducts the review of the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC.

The internal controls in place are maintained by the Management throughout the year, and up to the date of this report provides reasonable, but not absolute, assurance against material financial misstatements or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risks. The Board notes that no system of internal controls, and risk management could provide absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

# CORPORATE GOVERNANCE

The Group's internal control systems operate as a safeguard by identifying and managing risks that are significant to the achievement of its business objectives. The risks are proactively identified and addressed. The ownership of these risks lies with the respective business and function heads with stewardship residing with the Board. The process of risk management has been integrated into the Group's business planning and monitoring process.

The Group's business and operational activities are regularly reviewed by the Management to identify areas of significant business risks. Appropriate measures are taken to assess, control and mitigate these risks.

Based on the risk management programmes, internal controls established and maintained by the Group, work performed by the internal and external auditors as well as reviews performed by the Management, the Board, with the concurrence of the AC is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology controls, and risk management were adequate and effective to meet the needs of the Group in its current business environment.

The CEO and the Group Financial Controller have received assurance from the business and function heads within the Group by way of representation letters that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances for FY2023.

In reliance on the said representation letters, the CEO and the Group Financial Controller have provided an assurance to the Board by way of a representation letter that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances.

Concurrently, the CEO and other key management personnel have received written assurance from the business and function heads within the Group by way of representation letters regarding the adequacy and effectiveness of the Group's risk management and internal controls systems for FY2023. In reliance on the said representation letters, the CEO and other key management personnel have also provided assurances to the Board by way of representation letters regarding the adequacy and effectiveness of the Group's risk management and internal controls systems for FY2023.

For FY2023, the Executive Director and the Management handling the Group's finance matters had provided written representations to the Board on the integrity of the interim financial statements covering the Group. Pursuant to Rule 705(5) of the Listing Manual of SGX-ST, the Board had provided a negative assurance confirmation that to the best of their knowledge, nothing has come to their attention which may render the interim financial statements to be false or misleading in any material aspect. In addition, the Directors and executive officers of the Company also signed a letter of undertaking pursuant to the Rule 720(1) of the Listing Manual of the SGX-ST.

## AUDIT COMMITTEE

### ***Principle 10: The Board has an Audit Committee which discharges its duties objectively.***

The AC comprises the following four (4) members, three (3) of whom, including the Chairman, are Independent Non-Executive Directors and all of whom, including the Chairman, are Non-Executive Directors:

Roy Yeo Kan Kiang	Chairman
Periakaruppan Aravindan	Member
Yeo Wee Kiong	Member
Pan Pei Say	Member

The AC does not comprise former partners of the Company's existing auditing firm, Ernst & Young LLP. No member of the AC was a former partner of Ernst & Young LLP within a period of two years commencing on the date of his ceasing to be a partner of Ernst & Young LLP, if applicable and no member of the AC has any financial interest in Ernst & Young LLP.

# CORPORATE GOVERNANCE

The Board is of the view that the members of the AC, including the Chairman, have recent, relevant and appropriate accounting or related financial management expertise or experience to discharge their responsibilities. Any changes to accounting standards and issues which have a direct impact on the financial statements would be raised by the external auditor, keeping the members of the AC abreast of such changes. The AC meets on a regular basis to carry out its duties of reviewing and assessing the financial reporting process, the system of internal controls, the management of risks and the audit process. The AC has explicit authority to investigate any matter within its terms of reference and has full access to and the co-operation of the Management. The AC also has direct and independent access to the internal and external auditors, full discretion to invite any key management personnel or management to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

The AC carries out its duties in accordance with a set of written terms of reference which includes, mainly, the following:

- (a) review the significant financial reporting issues and judgments to ensure the integrity of the financial statements and any announcements relating to the Group's financial performance;
- (b) assess the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls, and risk management systems so as to be able to concur with the opinion of the Board as required under Rule 1207(10) of the Listing Manual of the SGX-ST on the adequacy and effectiveness of the material internal controls, including financial, operational, compliance and information technology controls, and risk management systems;
- (c) review with the Management and the Head of Internal Audit, the internal audit activities, staffing, skills and organisational structure of the internal audit function and assess the adequacy and effectiveness of the internal audit function at least annually;
- (d) review and approve the internal audit's terms of reference and internal audit plan, and ensure that resources are allocated effectively for appropriate scope of coverage in coordination between internal and external auditors;
- (e) review the external auditor's proposed audit plan, scope and approach including coordination of audit efforts with the internal auditor;
- (f) review the scope and findings of external audit, and monitor and review the independence and objectivity of the external auditor;
- (g) review the scope and findings of internal audit and the effectiveness of the internal audit function;
- (h) review the nature and extent of non-audit services provided by the external auditor to ensure that the external auditor's independence or objectivity is not impaired;
- (i) review the fees and terms of engagement of the external auditor and make recommendations to the Board for approval;
- (j) assess the external auditor's overall performance and make recommendations to the Board on the proposals to shareholders for approval on the selection, appointment, re-appointment and removal of the external auditor;
- (k) review and assess the Group's overall risk management, including overseeing the current risk exposure and future risk strategy of the Group, and manage financial, operational and legal risks;
- (l) review the assurance from the CEO and the Group Financial Controller on the financial records and financial statements;
- (m) assess the adequacy and effectiveness of the external audit;
- (n) review the Group's whistle-blowing policy and arrangements for staff to raise concerns, in confidence, about possible improprieties in financial reporting or other matters to be independently investigated and appropriately followed up on;
- (o) review of interested person transactions falling within the scope of the Listing Manual of the SGX-ST; and
- (p) review related party transactions of the Group.

# CORPORATE GOVERNANCE

The AC has assessed the external auditor based on factors such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, given the size and complexity of the Group.

The AC meets with the Company's internal and external auditors at least annually without the presence of the Management. The AC also reviews the external auditor's independence annually. The current external auditor is Ernst & Young LLP and the AC is satisfied that they have maintained their independence and the nature and extent of their non-audit services did not affect their objectivity. The AC has therefore recommended to the Board that Ernst & Young LLP be nominated for re-appointment as external auditor at the forthcoming AGM of the Company. The aggregate amount of external auditor's fees for FY2023 and a breakdown of the fees into audit and non-audit fees can be found under the section entitled "Notes to the Financial Statements – Profit/(Loss) Before Taxation" of this annual report.

The AC meetings are held on a half-yearly basis. During the AC meeting at each half-year, the Head of Internal Audit reports the progress of internal audit and reviews with the AC the findings without the presence of the Management of the individual business units.

The Company has complied with Rules 712 and 715 of the Listing Manual of the SGX-ST in relation to the appointment of auditing firms.

## KEY AUDIT MATTERS

Ernst & Young LLP, the external auditor, has highlighted two (2) key audit matters in its independent auditor's report for FY2023, found under the section entitled "Independent Auditor's Report – Key Audit Matters" of this annual report. They were:

- (1) Accounting for investment in Xuzhou YinJian LumChang Real Estate Development Co., Ltd ("XZYJLC"); and
- (2) Carrying value of property, plant and equipment.

The AC has discussed these key audit matters with the external auditor during the AC's review and approval of their audit plan. Consequently, together with the AC's review of the work performed by the external auditor, the AC has considered the audit approach taken, work procedures carried out, evidence obtained and the assessments of the external auditor in respect of these key audit matters.

The AC has concurred with the above key audit matters identified and is satisfied that the accounting for the investment in XZYJLC and the Group's carrying value of property, plant and equipment are supported and appropriate.

## WHISTLE-BLOWING POLICY

The Group has put in place a whistle-blowing policy and the AC oversees the Group's whistle-blowing policy which allows staff to raise concerns, in confidence, about possible improprieties in matters of financial reporting or other matters which they become aware and to ensure that:

- (i) independent investigations are carried out in an appropriate and timely manner;
- (ii) appropriate action is taken to correct the weakness in internal controls and policies which allowed the perpetration of Fraud and/or misconduct and to prevent a recurrence; and
- (iii) administrative, disciplinary, civil and/or criminal actions that are initiated following the completion of investigations are appropriate, balance and fair, while providing reassurance that employees and others will be protected from reprisals or victimisation for whistle-blowing in good faith and without malice.

The Company also accepts anonymous reports to ensure that independent investigations of such matters are carried out and that appropriate follow-up action is taken. The Company is committed to ensuring that whistle-blowers will be treated fairly, and protected against detrimental or unfair treatment for raising concerns in good faith.

## CORPORATE GOVERNANCE

In order to facilitate whistle-blowing, the whistle-blowing policy together with the whistle-blowing communication channels are available on the Group's intranet which is accessible by all employees. The objective for such arrangements is to ensure independent investigation of matters raised and to allow appropriate actions to be taken. All such investigations are undertaken by an appointed officer, if appropriate, who reports directly to the Chairman of the AC.

The Group will treat all information received confidentially and protect the identity and the interest of all whistleblowers, and the whistleblower will not be subject to detrimental or unfair treatment.

There have been no whistle-blowing incidents for FY2023 and up to the date of that report.

### INTERESTED PERSON TRANSACTIONS

The Company has established a procedure for recording and reporting interested person transactions ("IPTs"). Particulars of IPTs entered into during FY2023 and disclosed in accordance with Rule 907 of the Listing Manual of SGX-ST are as follows:

Name of Interested Person	Nature of Relationship	Aggregate value of all IPTs during FY2023 (excluding transactions less than \$100,000 and transactions conducted under Shareholders' Mandate pursuant to Rule 920)	Aggregate value of all IPTs conducted under Shareholders' Mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
		<b>\$'000</b>	<b>\$'000</b>
<b>Aspial Corporation Limited and subsidiaries</b>	A company listed on the Main Board of the SGX-ST, in which Mr Koh Wee Seng has an interest of 30% or more.	Acceptance of exchange offer of bond and interest over the 2-year term of the bond	3,390
	Mr Koh Wee Seng is the Non-Independent Non-Executive Chairman of the Company.	Acceptance of extension of bond and interest over the 2-year term of the bond	2,270
		Corporate service fee paid	451
		Rental of office and service charges paid	134
<b>Fragrance Group Limited and subsidiaries</b>	A company in which Mr Koh Wee Meng has an interest of 30% or more.	Facilities management fee received	111
	Mr Koh Wee Seng and Mr Koh Wee Meng are siblings.		
<b>Total</b>		<b>6,356</b>	<b>N/A</b>



# CORPORATE GOVERNANCE

## MATERIAL CONTRACTS

Save as disclosed in the section of “Interested Person Transactions” above, there were no material contracts or loans entered into by the Company or any of its subsidiaries involving the interests of any Director, the CEO or controlling shareholder of the Company, either still subsisting at the end of FY2023 or if not subsisting, were entered into during FY2023.

## INTERNAL AUDIT

The Group has an internal audit function and the Head of Internal Audit reports directly to the Chairman of the AC. The AC decides on the appointment, termination and remuneration of the Head of Internal Audit. The personnel who carry out the internal audit function has unfettered access to all documents, records, properties and personnel, including access to members of the AC at all times as well as appropriate standing within the Company. The internal audit team adopts the International Standards for the Professional Practice of Internal Auditing laid down in the International Professional Practices Framework issued by The Institute of Internal Auditors and is staffed with persons with the relevant qualifications and experience.

The functions of internal audit include the reviewing and evaluation of the Group’s internal controls covering financial, operational, compliance and information technology controls, and risk management. The internal audit function performs regular audits of the Group’s individual business units including its overseas operations. It reports its findings to the AC and follows up with the management of the respective business units on remedial actions to be taken.

The AC reviews the adequacy and effectiveness of the internal audit function annually to ensure that the internal audit resources are adequate and that the internal audits are performed effectively. The AC is of the view that the internal audit function is independent, effective and adequately resourced.

## IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

### SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

**Principle 11:** *The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders’ rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.*

### ENGAGEMENT WITH SHAREHOLDERS

**Principle 12:** *The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meeting and other dialogues to allow shareholders to communicate their views on various matters affecting the company.*

The Company updates its shareholders primarily through the SGXNet. Half-year and full year financial results are released within the prescribed periods and material and/or price-sensitive information are released promptly. The Company does not practice selective disclosure of material information. In the event that inadvertent disclosure is made to a selected group, the Company will make the same disclosure publicly to all shareholders as soon as practicable. The Company also maintains a corporate website through which shareholders are able to access information on the Group.

The Company treats all shareholders fairly and equitably in order to enable them to exercise shareholders’ rights and have the opportunity to communicate their views on matters affecting the Company. The Company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The forthcoming AGM will be held, in a wholly physical format, at Aspial One, 55 Ubi Avenue 3 Level 1, Singapore 408864 (“2024 AGM”). There will be no option for shareholders to participate virtually.

# CORPORATE GOVERNANCE

In addition, the Company will not be distributing physical copies of the Annual Report FY2023, and related meeting documents. Such documents are available for download from the Company's corporate website and the SGX-ST's website. A member who wishes to obtain a printed copy of the Annual Report FY2023 and related meeting documents should complete the requested form accompany the Notice of 2024 AGM and Proxy Form and return the completed request form to the Company.

The Company welcomes shareholders' participation during the general meetings. Shareholders have the opportunity to participate effectively in general meetings and are able to engage the Board and the Management on the Group's business strategies, activities and financial performance during the general meetings. After the general meetings, the Chairman and other members of the Board will engage in dialogue with shareholders, to gather views or inputs, and address shareholders' concerns.

All general meetings are conducted in person and all registered shareholders attending such meetings are entitled to vote in accordance with established voting rules and procedures which are explained during the general meetings. Rules governing general meetings are also explained during the general meetings. The Company's Constitution allows a member of the Company to appoint not more than two (2) proxies to attend and vote in his/her stead at all general meetings. The Company's Constitution places no limit on the number of proxies for corporations which provide nominee or custodial services so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

With the resumption of the 2024 AGM in physical format, all Directors will be present at the 2024 AGM to address shareholders' questions. The Company's external auditors will also be present and are available to assist the Directors in addressing any relevant queries by the shareholders relating to the conduct of the audit and the preparation and contents of the auditors' report.

The Company uses website publications as the form of electronic communication with shareholders for permitted documents which may include annual reports, circulars and letters.

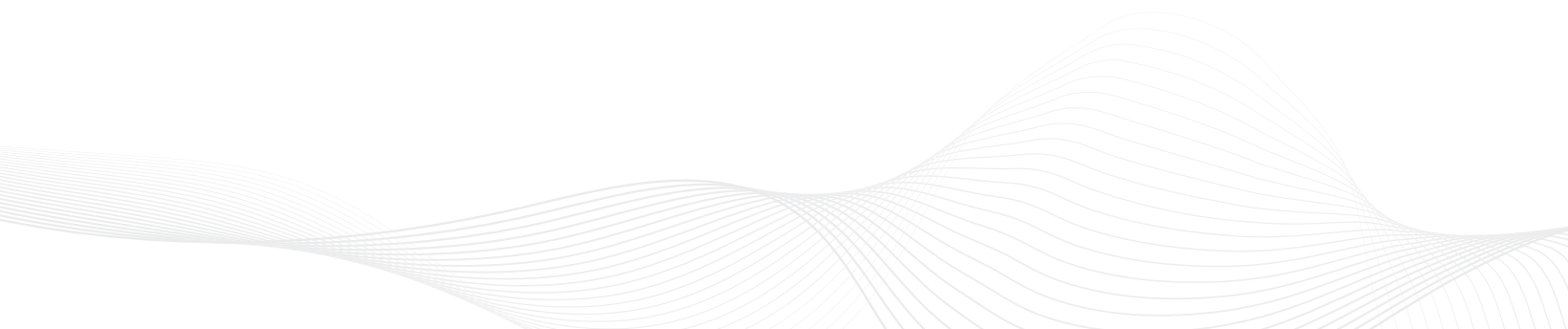
The Company does not have a formal dividend policy but, it is committed to declaring future dividends. The form, frequency and amount of future dividends will depend on (a) the Company's earnings, including retained earnings; (b) the Group's cash flow; (c) the Group's general business and financial positions; (d) the Group's working capital requirements; (e) the Group's actual and projected financial performance; (f) the Group's expansion plans and projected capital expenditure; and (g) other factors which the Directors may deem appropriate.

Shareholders should note that the foregoing statements are merely statements of the Board's present intention and do not constitute a legally binding commitment by the Company in respect of the declaration and/or payment of dividends in the future. There is no assurance that dividends will be declared and/or paid in the future or as to the timing of any dividends that are to be paid in the future. No inference should or can be made from any of the foregoing statements as to our actual future profitability or ability to pay dividends.

Voting *in absentia* is allowed under the Company's Constitution but not implemented due to concerns as to the integrity of information transmitted through the available media and concerns over the authenticity of the identity of shareholders.

Separate resolutions on each substantially distinct issue are tabled at general meetings and voting on each resolution by poll is carried out systematically with proper recording of votes cast and the resolution passed. "Bundling" of resolutions are done only where the resolutions are interdependent and linked so as to form one significant proposal and only where there are reasons and material implications justifying the same.

Although the Group does not have a formal investor relations policy, the Group communicates with shareholders by providing timely updates of all material developments that may impact the Group, and changes in the Group or its business which may materially affect the price or value of the Company's shares.



# CORPORATE GOVERNANCE

In addition, each shareholder can provide feedback to the Company Secretary via the electronic mail address or registered address. General meetings provide an excellent opportunity for shareholders to query the Directors with regard to the Company and their recommendations. The Company also avails the Chairmen of the AC, NC and RC, the external auditor and the Company Secretary during the general meetings to address, or to assist the Directors in addressing, any relevant queries by the shareholders. In particular, the external auditor is present at general meetings to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

Minutes of general meetings recording substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board, external auditor, Company Secretary and the Management are prepared and will be published on its corporate website as soon as practicable and also be made available on the SGXNet within one (1) month of the general meetings.

In support of greater transparency of the voting process and to enhance shareholders' participation, the Company puts all resolutions proposed at the general meetings to vote by poll. Shareholders who are present in person or represented by proxies will be entitled to one vote for each share held. A scrutineer is appointed to count and validate the votes cast at the general meetings. The total number of votes cast for and against each resolution and the respective percentages are announced to the audiences at the general meetings and released via SGXNet on the day of the meeting.

## V. MANAGING STAKEHOLDER RELATIONSHIPS

### ENGAGEMENT WITH STAKEHOLDERS

**Principle 13: *The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.***

The Group has in place arrangements to identify and engage with its material stakeholder groups including managing its relationships with such groups. Certain efforts and focus areas of the Group are described on the section entitled "Corporate Sustainability" of this annual report with more details provided in the Group's annual sustainability report. To facilitate communication, the Company maintains a corporate website through which, stakeholders are able to access information about the Group and where contact details such as the Company's email address and telephone number can be found.

### DEALINGS IN SECURITIES

The Company has adopted an internal compliance code whereby the Company, Directors and affected staff are prohibited from dealing in the Company's shares during the "black-out" periods which are as prescribed under the Listing Manual of the SGX-ST, that is, for a period of one (1) month before the announcement of its half-year and full year financial results. The Directors and affected staff are also not allowed to deal in the Company's shares prior to the announcement of material price-sensitive information of which they are in possession.

Each year, the Company plans the release of the announcements of its half-year and full year results and sets out the "black-out" periods. The Company ensures that each of the Directors and affected staff is informed of the "black-out" periods. Notwithstanding that the Directors and affected staff are permitted to trade in the Company's shares during the permitted periods, the Company also specifically highlights in its policy that the Directors and affected staff should not deal in the Company's shares on short-term considerations during the permitted periods.

The Company provides regular updates to the Directors and key management personnel on the developments in insider trading regulations with particular focus on developments in local case law and changes in the regulatory framework, regularly highlighting the importance of safeguarding confidential information as well as the consequences of misusing insider information.

# CORPORATE GOVERNANCE

## BOARD OF DIRECTORS

### Mr Koh Wee Seng

Non-Independent Non-Executive Chairman

Date of first appointment as a Director 12 March 2015  
 Date of last re-election as a Director 27 April 2023  
 Length of Service as a Director 8 years 9 months  
 (as at 31 December 2023)

Board Committee(s) Served on:

- Nominating Committee (Member)

Present Directorships in other Listed Companies:

- Aspial Corporation Limited
- Aspial Lifestyle Limited

Past Directorships in listed companies held over the preceding three years (from 1 January 2021 to 31 December 2023):

- World Class Global Pte Ltd (formerly known as World Class Global Limited) (delisted from the Official List of the SGX-ST with effect from 30 July 2021)

Major Appointments (other than Directorship):

- Nil

Academic and Professional Qualifications:

- Bachelor of Business Administration, National University of Singapore

### Mr Chay Yue Kai

Executive Director and Chief Executive Officer

Date of first appointment as a Director 2 April 2015  
 Date of last re-election as a Director 27 April 2023  
 Length of Service as a Director 8 years 8 months  
 (as at 31 December 2023)

Board Committee(s) Served on:

- Nil

Present Directorships in other Listed Companies:

- Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2021 to 31 December 2023):

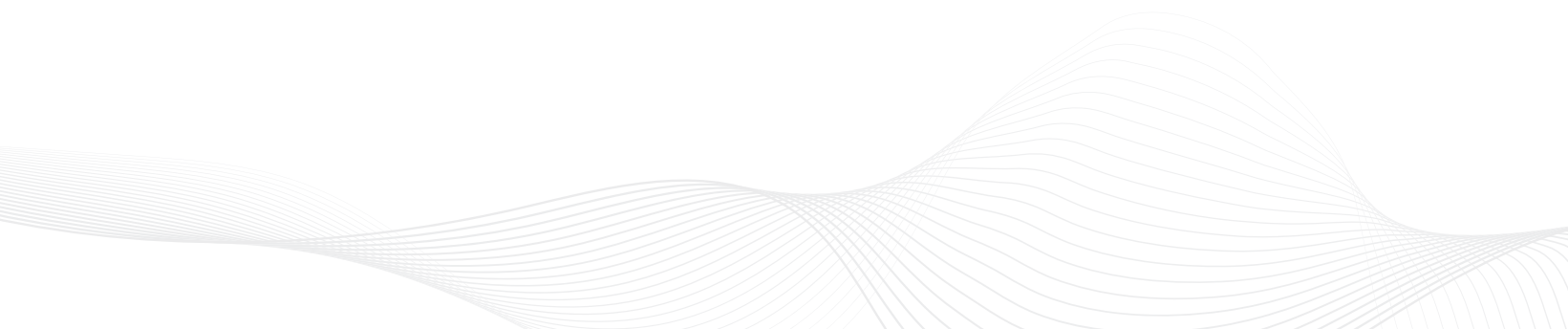
- Nil

Major Appointments (other than Directorship):

- Nil

Academic and Professional Qualifications:

- Bachelor of Science in Building (Honours), University of Singapore (now known as National University of Singapore)



# CORPORATE GOVERNANCE

## Mr Periakaruppan Aravindan

Non-Independent Non-Executive Director

Date of first appointment as a Director 12 March 2015  
 Date of last re-election as a Director 28 April 2022  
 Length of Service as a Director 8 years 9 months  
 (as at 31 December 2023)

Board Committee(s) Served on:

- Audit Committee (Member)
- Remuneration Committee (Member)

Present Directorships in other Listed Companies:

- Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2021 to 31 December 2023):

- Fragrance Group Limited (delisted from the Official List of the SGX-ST with effect from 8 October 2021)

Major Appointments (other than Directorship):

- Nil

Academic and Professional Qualifications:

- Master of Business Administration (Finance), Madurai Kamaraj University
- Bachelor of Commerce, Madurai Kamaraj University
- Chartered Accountant and a non-practicing member, Institute of Singapore Chartered Accountants
- Fellow, Association of the Chartered Certified Accountants, United Kingdom

## Ms Pan Pei Say

Independent and Non-Executive Director

Date of first appointment as a Director 1 February 2024  
 Date of last re-election as a Director Nil  
 Length of Service as a Director -  
 (as at 31 December 2023)

Board Committee(s) Served on:

- Nominating Committee (Chairman)
- Audit Committee (Member)

Present Directorships in other Listed Companies:

- Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2021 to 31 December 2023):

- Global Dragon Limited

Major Appointments (other than Directorship):

- Nil

Academic and Professional Qualifications:

- Diploma in Banking and Finance, Institute of Banking and Finance Singapore

# CORPORATE GOVERNANCE

## Mr Yeo Wee Kiong

Independent Non-Executive Director

Date of first appointment as a Director 20 July 2016  
 Date of last re-election as a Director 29 April 2021  
 Length of Service as a Director 7 years 5 months  
 (as at 31 December 2023)

Board Committee(s) Served on:

- Remuneration Committee (Chairman)
- Audit Committee (Member)

Present Directorships in other Listed Companies:

- Pacific Century Regional Developments Limited
- SUTL Enterprise Limited

Past Directorships in listed companies held over the preceding three years (from 1 January 2021 to 31 December 2023):

- Asian Healthcare Specialists Limited
- Bonvests Holdings Limited
- Roxy-Pacific Holdings Limited

Major Appointments (other than Directorship):

- Nil

Academic and Professional Qualifications:

- Bachelor of Engineering (Mechanical) (First Class Honours), University of Singapore (now known as the National University of Singapore)
- Master of Business Administration, National University of Singapore
- Honours degree in law, University College of London Barrister-at-Law of Lincoln's Inn for England and Wales

## Mr Roy Yeo Kan Kiang

Lead Independent Non-Executive Director

Date of first appointment as a Director 28 February 2023  
 Date of last re-election as a Director 27 April 2023  
 Length of Service as a Director 10 months  
 (as at 31 December 2023)

Board Committee(s) Served on:

- Audit Committee (Chairman)
- Nominating Committee (Member)
- Remuneration Committee (Member)

Present Directorships in other Listed Companies:

- Nil

Past Directorships in listed companies held over the preceding three years (from 1 January 2021 to 31 December 2023):

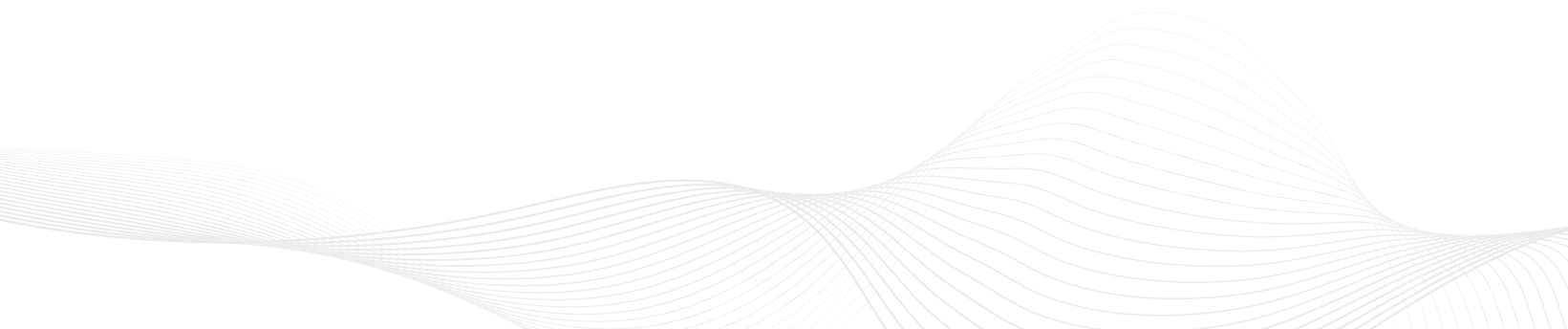
- Nil

Major Appointments (other than Directorship):

- Town Councillor, Tanjong Pagar Town Council ("TPTC") and Member of Tenders and Contracts Committee, TPTC
- Member, Henderson-Dawson Citizens Consultative Committee and then Tanjong Pagar-Tiong Bahru Citizens Consultative Committee

Academic and Professional Qualifications:

- Bachelor of Laws (LLB), University of Bristol, United Kingdom
- Barrister-at-Law, Middle Temple



# CORPORATE GOVERNANCE

## ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7.4.1

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information as set out in Appendix 7.4.1 relating to Mr Periakaruppan Aravindan, Mr Yeo Wee Kiong and Ms Pan Pei Say, being the Directors who are retiring in accordance with Regulation 89 and Regulation 88 of the Company's Constitution and Rule 720(5) of the Listing Manual of the SGX-ST at the forthcoming AGM, is set out below:

Name of Directors	Periakaruppan Aravindan	Yeo Wee Kiong	Pan Pei Say
Date of first appointment as a Director	12 March 2015	20 July 2016	1 February 2024
Date of last re-appointment/ re-election as a Director (if applicable)	28 April 2022	29 April 2021	N.A.
Age	49	68	62
Country of principal residence	Singapore	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	<p>The re-election of Mr Periakaruppan Aravindan as Non-Independent Non-Executive Director of the Company was recommended by the Nominating Committee and approved by the Board, after taking into consideration of Mr Aravindan's contributions, performance, expertise and past experiences.</p> <p>The Board considers Mr Aravindan to be non-independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.</p>	<p>The re-election of Mr Yeo Wee Kiong as Independent Non-Executive Director of the Company was recommended by the Nominating Committee and approved by the Board, after taking into consideration of Mr Yeo's contributions, performance, expertise and past experiences.</p> <p>The Board considers Mr Yeo to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.</p>	<p>The re-election of Ms Pan Pei Say as Independent Non-Executive Director of the Company was recommended by the Nominating Committee and approved by the Board, after taking into consideration of Ms Pan's contributions, performance, expertise and past experiences.</p> <p>The Board considers Ms Pan to be independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST.</p>
Whether appointment is executive, and if so, the area of responsibility	No	No	No
Job Title	Non-Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
Professional qualifications	Please see page 35 of the Annual Report	Please see page 36 of the Annual Report	Please see page 35 of the Annual Report

# CORPORATE GOVERNANCE

## ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7.4.1 (CONTINUED)

Name of Directors	Periakaruppan Aravindan	Yeo Wee Kiong	Pan Pei Say
Working experience and occupation(s) during the past 10 year	<p>2010 to 8 October 2021: Executive Director Fragrance Group Limited (delisted from the Official List of the SGX-ST with effect from 8 October 2021) (“<b>Fragrance Group</b>”)</p> <p>2018 to 8 October 2021: Deputy Chief Executive Officer Fragrance Group</p> <p>October 2021 – current date: Deputy Chief Executive Officer and Executive Director Fragrance Group</p>	<p>2012 – current date: Non-Executive Chairman Ezyhealth Group</p> <p>2020 – current date: Independent Non-Executive Director, Chairman of the Audit Committee and member of the Remuneration Committee Pacific Century Regional Developments Limited</p> <p>2019 – current date: Independent Non-Executive Director and members of the Audit Committee, Nominating Committee and Remuneration Committee SUTL Enterprise Limited</p> <p>1991 – 2022: Independent Non-Executive Director, Chairman of the Nominating Committee and members of the Audit Committee and Remuneration Committee Bonvests Holdings Limited</p> <p>2007 – 2012: Director Drew &amp; Napier LLC <i>(retired from law practice in 2012)</i></p> <p>2020 – 2023: Non-Executive and Non-Independent Director Asian Healthcare Specialists Limited (delisted from the Official List of the SGX-ST with effect from 3 January 2023)</p> <p>2020 – 2022: Independent Non-Executive Director and members of the Audit Risk Management Committee, Nominating Committee and Remuneration Committee Roxy-Pacific Holdings Limited (delisted from the Official List of the SGX-ST with effect from 30 March 2022)</p>	<p>1989 – 2017: Senior Vice President, Credit Marketing Sing Investments &amp; Finance Ltd</p> <p>2018 – 2023: Independent Non-Executive Director, Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee Global Dragon Limited (delisted from the Official List of the SGX-ST with effect from 3 May 2023)</p>
Shareholding interest in the listed issuer and its subsidiaries	<p><b>The Company</b> – Direct Interest – 505,665 ordinary shares</p>	Nil	<p><b>The Company</b> – Direct Interest – 44,200 ordinary shares</p>
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	N.A.	N.A.	N.A.



# CORPORATE GOVERNANCE


## ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7.4.1 (CONTINUED)

<u>Name of Directors</u>	<u>Periakaruppan Aravindan</u>	<u>Yeo Wee Kiong</u>	<u>Pan Pei Say</u>
Conflict of interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other principal commitments (including directorships) – Past, for the last 5 years	N.A.	Asian Healthcare Specialists Limited Bonvests Holdings Limited Roxy-Pacific Holdings Limited	Global Dragon Limited
Other principal commitments (including directorships) – Present	AF Global (Phuket) Limited AF Global (Thailand) Limited AF Global Investment Holding Pte Ltd AF Global Limited AF Phuket Hotels Pte Ltd AF Rawai Hotels Pte Ltd BON (38) Investment Pte Ltd BON 88 Investment Pte Ltd Cheong Hock Chye & Co (Pte) Ltd Cityview Property Investment & Trading Limited Draycott Garden Pte Ltd Gateway Enterprise Company Limited Hillgate Investment Pte Ltd HIRP (Thailand) Limited Knight Frank Asia Pacific Pte Ltd Knight Frank Pte Ltd L.C. Hotels Pte Ltd L.C. Logistics Pte Ltd LCD (Indochina) Pte Ltd LCD (Vietnam) Pte Ltd LCD Property Management Pte Ltd LCD Property Pte Ltd Rawai (38) Investment Pte Ltd Rawai 88 Investment Pte Ltd RP (Thailand) Limited RP Hotels (Thailand) Limited Fragrance Group Global Premium Hotels Group	Pacific Century Regional Developments Limited SUTL Enterprise Limited Ezyhealth Holidays Pte Ltd Ezyhealth Trust Management Pte Ltd Raffles Fund 1 Limited Raffles Fund 2 Limited RUP Convest Ltd	N.A.

# CORPORATE GOVERNANCE

## ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7.4.1 (CONTINUED)

Name of Directors	Periakaruppan Aravindan	Yeo Wee Kiong	Pan Pei Say
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgement against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No



# CORPORATE GOVERNANCE

## ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7.4.1 (CONTINUED)

Name of Directors	Periakaruppan Aravindan	Yeo Wee Kiong	Pan Pei Say
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No

# CORPORATE GOVERNANCE

## ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7.4.1 (CONTINUED)

Name of Directors	Periakaruppan Aravindan	Yeo Wee Kiong	Pan Pei Say
(i) Whether he has ever been the subject of any order, judgement or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:			
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,	No	No	No

in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?

# CORPORATE GOVERNANCE

## ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION – APPENDIX 7.4.1 (CONTINUED)

Name of Directors	Periakaruppan Aravindan	Yeo Wee Kiong	Pan Pei Say
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No
Any prior experience as a director of an issuer listed on the Exchange?	This relates to reappointment of Director.	This relates to reappointment of Director.	This relates to reappointment of Director.
If yes, please provide details of prior experience.	N.A.	N.A.	N.A.
If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange.	N.A.	N.A.	N.A.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	N.A.	N.A.	N.A.

# DIRECTORS' STATEMENT

The Directors present their statement to the members together with the audited consolidated financial statements of AF Global Limited (the "Company") and its subsidiary companies (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2023.

## Opinion of the Directors

In the opinion of the Directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## Directors

The Directors of the Company in office at the date of this statement are:

Koh Wee Seng  
 Chay Yue Kai  
 Periakaruppan Aravindan  
 Yeo Wee Kiong  
 Roy Yeo Kan Kiang (Appointed on 28 February 2023)  
 Pan Pei Say (Appointed on 1 February 2024)

## Arrangements to enable Directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

## Directors' interests in shares and debentures

The following Directors who held office at the end of the financial year had, according to the register of Directors' shareholdings kept under Section 164 of the Singapore Companies Act 1967, an interest in the ordinary shares of the Company as stated below:

Name of Director	Direct interest		Deemed interest	
	At 1 January 2023	At 31 December 2023	At 1 January 2023	At 31 December 2023
Koh Wee Seng	8,629,075	8,629,075	441,857,365	441,857,365
Periakaruppan Aravindan	505,665	505,665	–	–

There was no change in any of the abovementioned interests in the Company between the end of the financial year and 21 January 2024.

Aspial Corporation Limited ("Aspial"), a company listed on the Singapore Exchange Securities Trading Limited, holds 440,691,785 shares of the Company. MLHS Holdings Pte Ltd ("MLHS") holds more than 50% of the issued shares of Aspial. Koh Wee Seng holds more than 20% of the issued shares of MLHS. By virtue of Section 7 of the Singapore Companies Act 1967, Koh Wee Seng is deemed to have an interest in the shares of the Company and its subsidiary companies to the extent held by Aspial. Koh Wee Seng is also deemed to have an interest in 1,165,580 shares held by his spouse.

# DIRECTORS' STATEMENT

Except as disclosed in this statement, no Director who held office at the end of the financial year had an interest in the shares or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year or on 21 January 2024.

## Audit Committee

At the date of this statement, the Audit Committee comprises the following members:

Roy Yeo Kan Kiang	(Chairman, Lead Independent Director) (Appointed on 1 February 2024)
Periakaruppan Aravindan	(Non-Executive Director)
Yeo Wee Kiong	(Independent Director)
Pan Pei Say	(Independent Director) (Appointed on 1 February 2024)

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967 including a review of the financial statements of the Company and of the Group for each financial year and the external auditor's report thereon. The Audit Committee has conducted an annual review of the non-audit services provided by the external auditor and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditor. It has recommended to the Board of Directors that Ernst & Young LLP be nominated for re-appointment as external auditor at the forthcoming Annual General Meeting of the Company.

The functions performed by the Audit Committee are further elaborated under the Corporate Governance section of the Annual Report.

## Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

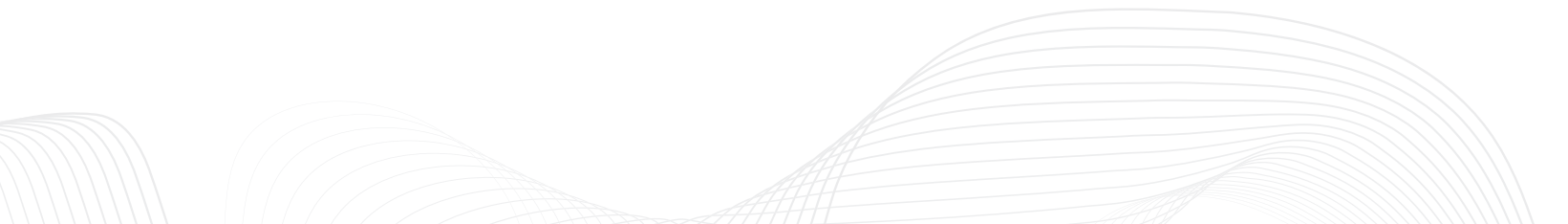
## KOH WEE SENG

*Director*

## CHAY YUE KAI

*Director*

Singapore  
28 March 2024



# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## Independent Auditor's Report to the Members of AF Global Limited

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of AF Global Limited (the "Company") and its subsidiary companies (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2023, the statements of changes in equity of the Group and the Company and the consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

#### Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (the "SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (the "ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (the "ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### (1) Accounting for investment in Xuzhou YinJian LumChang Real Estate Development Co., Ltd ("XZYJLC")

The Group has a 55% equity stake in a joint venture, XZYJLC, that is engaged in property development in the People's Republic of China. The carrying value of XZYJLC as at 31 December 2023 amounted to \$48,688,000, representing 15% of the Group's total assets. As disclosed in Note 2.4, following the failure to complete the equity transfer agreement for the sale of its equity interest in XZYJLC, the Group had applied for the compulsory liquidation of XZYJLC. On 25 September 2023, the Group's application has been accepted by the court and XZYJLC has been placed into compulsory liquidation.

The Group has elected to measure XZYJLC as an unquoted equity investment at fair value through other comprehensive income in accordance with SFRS (I) 9 *Financial Instruments*. We have identified the valuation of this unquoted equity investment as a key audit matter because of the significance of this investment, the use of management judgment in determining the method of recovery of its investment, and the use of management estimates in determining the fair value of this investment.



# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Our key audit procedures in relation to management judgments and estimates used in the valuation of the unquoted equity investment in XZYJLC included:

- Reviewed the reasonableness of the methodology used in determining the recoverable amount;
- Obtained an update from the liquidator on the status of the liquidation process;
- Evaluated management's key assumptions and estimates used in their valuation of the investment, including:
  - Completeness of material assets and liabilities
  - Fair value of material real estate assets and liquidation discount applied, with the assistance of our internal valuation specialists
  - Present value of estimated liquidation proceeds, net of related expenditures; and
- Assessed the adequacy of the Group's disclosures in Notes 2.4(c), 2.4(f), 2.4(h), 12 and 30(a) to the financial statements relating to *Investment in XZYJLC*, *Key sources of estimation uncertainty*, *Judgments made in applying accounting policies* and *Fair value of assets and liabilities* which are fundamental to the users' understanding of this matter. They comprise key assumptions, estimation uncertainty and sensitivity of the fair value, including information that the fair value of XZYJLC recorded in the Group's balance sheet as at 31 December 2023 was estimated based on information and conditions prevailing on that date.

## (2) Carrying value of property, plant and equipment

As at 31 December 2023, the carrying value of the Group's properties amounted to \$190,842,000 and accounted for 60% of the Group's total assets. Accordingly, we have identified this as a key audit matter.

The Group has performed an assessment on the land and buildings and concluded that there are no significant changes in their business environment to suggest that its fair value as at 31 December 2023 is materially different from 31 December 2022. As SFRS(I) 1-16 *Property, Plant and Equipment* requires the revaluation to be performed only with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period, no revaluation has been performed for the properties as at 31 December 2023.

Our audit procedures in relation to valuation of the properties included:

- Reviewed management's assessment in determining that no significant changes in its fair value was expected
- Reviewed management's assessment in accordance with SFRS (I) 1-36 *Impairment of Assets* that there are no impairment indicators noted for each of the properties
- Assessed the reasonableness of the key estimates used by management by comparing to historical budgets and actual performance relating to average room and occupancy rates where available, and industry data; and
- Assessed the adequacy of disclosures in Note 9 Property, Plant and Equipment and Note 30(a) Fair Value of Assets and Liabilities to the financial statements relating to the assumptions, given the estimation uncertainty, including the sensitivity of the valuations.

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## Other Information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements 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 statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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 this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is 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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are 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 SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

# INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Seng Choon.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
28 March 2024

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group	
		2023 \$'000	2022 \$'000
<b>Revenue</b>	3	<b>28,376</b>	16,240
Cost of sales		<b>(11,725)</b>	(9,465)
<b>Gross profit</b>		<b>16,651</b>	6,775
Other operating income	4	<b>738</b>	371
Marketing expenses		<b>(1,147)</b>	(777)
Administrative expenses		<b>(6,588)</b>	(4,843)
Other operating expenses		<b>(5,093)</b>	(4,514)
<b>Operating profit/(loss)</b>		<b>4,561</b>	(2,988)
Finance costs	5	<b>(1,112)</b>	(844)
Share of results of joint venture companies		<b>1,858</b>	3,267
<b>Profit/(loss) before taxation</b>	6	<b>5,307</b>	(565)
Taxation	7	<b>1,225</b>	(66)
<b>Profit/(loss) for the year</b>		<b>6,532</b>	(631)
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		<b>(2,422)</b>	(8,496)
Fair value gain/(loss) on investment securities		<b>346</b>	(349)
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value loss on investment securities and investment in Xuzhou entities		<b>(4,413)</b>	(5,126)
Net surplus on revaluation of property, plant and equipment		<b>94</b>	3,086
		<b>(6,395)</b>	(10,885)
<b>Total comprehensive income for the year</b>		<b>137</b>	(11,516)
<b>Profit/(loss) for the year attributable to:</b>			
Shareholders of the Company		<b>2,644</b>	(553)
Non-controlling interests		<b>3,888</b>	(78)
		<b>6,532</b>	(631)
<b>Total comprehensive income for the year attributable to:</b>			
Shareholders of the Company		<b>(3,002)</b>	(10,663)
Non-controlling interests		<b>3,139</b>	(853)
		<b>137</b>	(11,516)
<b>Earnings/(loss) per share (cents)</b>			
– Basic	8	<b>0.25</b>	(0.05)
– Diluted	8	<b>0.25</b>	(0.05)

The accompanying notes form an integral part of the financial statements.

# BALANCE SHEETS

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	9	190,842	196,626	-	-
Intangible assets		28	31	-	-
Right-of-use asset	24	637	709	-	-
Subsidiary companies	10	-	-	295,615	295,455
Joint venture companies	11	33,949	34,312	-	-
Investment securities	12	1,809	4,033	-	-
Deferred tax assets	13	2,079	249	-	-
Investment in Xuzhou entities	12	49,710	51,943	-	-
		<b>279,054</b>	<b>287,903</b>	<b>295,615</b>	<b>295,455</b>
<b>Current assets</b>					
Investment securities	12	14,010	13,664	-	-
Inventories		134	224	-	-
Trade receivables	14	607	715	-	-
Other receivables	15	834	762	368	247
Prepayments		196	150	4	5
Amount due from a subsidiary company	16	-	-	901	-
Cash and short-term deposits	23	22,585	14,878	1,265	277
		<b>38,366</b>	<b>30,393</b>	<b>2,538</b>	<b>529</b>
<b>Current liabilities</b>					
Trade payables	17	1,808	1,732	-	-
Other payables and accruals	18	5,737	5,389	625	528
Provision for taxation		296	75	18	13
Lease liability	24	37	33	-	-
Loans and borrowings	19	13,617	20,007	10,419	9,400
		<b>21,495</b>	<b>27,236</b>	<b>11,062</b>	<b>9,941</b>
<b>Net current assets/(liabilities)</b>		<b>16,871</b>	<b>3,157</b>	<b>(8,524)</b>	<b>(9,412)</b>
<b>Non-current liabilities</b>					
Amount due to a subsidiary company	16	-	-	15,465	15,465
Lease liability	24	773	826	-	-
Loans and borrowings	19	9,322	3,432	392	1,160
Deferred tax liabilities	13	24,361	24,454	-	-
		<b>34,456</b>	<b>28,712</b>	<b>15,857</b>	<b>16,625</b>
<b>Net assets</b>		<b>261,469</b>	<b>262,348</b>	<b>271,234</b>	<b>269,418</b>
<b>Equity attributable to shareholders of the Company</b>					
Share capital	20	209,518	209,518	209,518	209,518
Reserves		(644)	2,025	61,716	59,900
		<b>208,874</b>	<b>211,543</b>	<b>271,234</b>	<b>269,418</b>
Non-controlling interests	21	52,595	50,805	-	-
<b>Total equity</b>		<b>261,469</b>	<b>262,348</b>	<b>271,234</b>	<b>269,418</b>

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Attributable to shareholders of the Company			Non-controlling interests	Total equity	
	Share capital \$'000	Capital and other reserves (Note 22) \$'000	Accumulated losses \$'000	Total reserves \$'000	\$'000	
<b>2023</b>						
<b>As at 1 January 2023</b>	209,518	40,124	(38,099)	2,025	50,805	262,348
Profit for the year	–	–	2,644	2,644	3,888	6,532
Other comprehensive income for the year, net of tax	–	(5,646)	–	(5,646)	(749)	(6,395)
Total comprehensive income for the year	–	(5,646)	2,644	(3,002)	3,139	137
<i>Others</i>						
Dividends paid to non-controlling interests	–	–	–	–	(1,349)	(1,349)
Transfer from asset revaluation reserve and foreign currency translation reserve to accumulated losses	–	(3,998)	3,998	–	–	–
Share of reserves of a joint venture company	–	54	–	54	–	54
Increase in net assets of a joint venture company	–	–	279	279	–	279
Total others	–	(3,944)	4,277	333	(1,349)	(1,016)
<b>As at 31 December 2023</b>	<b>209,518</b>	<b>30,534</b>	<b>(31,178)</b>	<b>(644)</b>	<b>52,595</b>	<b>261,469</b>
<b>2022</b>						
<b>As at 1 January 2022</b>	209,518	46,302	(33,854)	12,448	52,085	274,051
Loss for the year	–	–	(553)	(553)	(78)	(631)
Other comprehensive income for the year, net of tax	–	(10,110)	–	(10,110)	(775)	(10,885)
Total comprehensive income for the year	–	(10,110)	(553)	(10,663)	(853)	(11,516)
<i>Others</i>						
Dividend paid to a non-controlling interest	–	–	–	–	(313)	(313)
Repayment of loans from a non-controlling interest	–	–	–	–	(114)	(114)
Transfer from foreign currency translation reserve to fair value adjustment reserve and accumulated losses	–	3,926	(3,926)	–	–	–
Share of reserves of a joint venture company	–	6	(13)	(7)	–	(7)
Increase in net assets of a joint venture company	–	–	247	247	–	247
Total others	–	3,932	(3,692)	240	(427)	(187)
<b>As at 31 December 2022</b>	<b>209,518</b>	<b>40,124</b>	<b>(38,099)</b>	<b>2,025</b>	<b>50,805</b>	<b>262,348</b>

The accompanying notes form an integral part of the financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Company	Attributable to shareholders of the Company		
	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
<b>2023</b>			
<b>As at 1 January 2023</b>	209,518	59,900	269,418
Profit for the year, representing total comprehensive income for the year	–	1,816	1,816
<b>As at 31 December 2023</b>	<b>209,518</b>	<b>61,716</b>	<b>271,234</b>
<b>2022</b>			
<b>As at 1 January 2022</b>	209,518	58,186	267,704
Profit for the year, representing total comprehensive income for the year	–	1,714	1,714
<b>As at 31 December 2022</b>	<b>209,518</b>	<b>59,900</b>	<b>269,418</b>

The accompanying notes form an integral part of the financial statements.

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group	
	2023	2022
	\$'000	\$'000
<b>Cash flows from operating activities:</b>		
Profit/(loss) before taxation	5,307	(565)
Adjustments for:		
Depreciation of property, plant and equipment	3,426	3,857
Depreciation of right-of-use asset	59	61
Gain on sale of property, plant and equipment	–	(10)
Property, plant and equipment written off	–	14
Gain on sale of investment securities	–	(9)
Share of results of joint venture companies	(1,858)	(3,267)
Amortisation of club memberships	3	3
Interest income	(1,480)	(1,176)
Finance costs	1,112	844
Expected credit losses on trade and other receivables	23	–
Unrealised foreign exchange differences	715	1,409
<b>Operating profit before reinvestment in working capital</b>	<b>7,307</b>	<b>1,161</b>
Decrease/(increase) in inventories	86	(114)
Increase in receivables and prepayments	(79)	(748)
Increase in payables	597	1,510
<b>Cash flows from operations</b>	<b>7,911</b>	<b>1,809</b>
Interest received	1,554	1,190
Interest paid	(1,061)	(708)
Income taxes paid	(175)	(207)
<b>Net cash flows from operating activities</b>	<b>8,229</b>	<b>2,084</b>
<b>Cash flows from investing activities:</b>		
Dividend received	2,475	2,200
Proceeds from sale of property, plant and equipment	–	12
Purchase of property, plant and equipment	(548)	(214)
Purchase of investment securities	(3,000)	(2,500)
Proceeds from sale of investment securities	3,000	2,506
<b>Net cash flows from investing activities</b>	<b>1,927</b>	<b>2,004</b>
<b>Cash flows from financing activities:</b>		
Proceeds from bank loans	5,792	2,013
Repayment of bank loans	(6,172)	(3,350)
Repayment of loans from a non-controlling interest	–	(114)
Repayment of lease liability	(103)	(103)
Fixed deposit discharged by a bank	54	–
Dividends paid to non-controlling interests	(1,349)	(313)
<b>Net cash flows used in financing activities</b>	<b>(1,778)</b>	<b>(1,867)</b>
Net increase in cash and cash equivalents	8,378	2,221
Effects of exchange rate changes on cash and cash equivalents	(617)	(759)
Cash and cash equivalents at beginning of year	14,824	13,362
<b>Cash and cash equivalents at end of year (Note 23)</b>	<b>22,585</b>	<b>14,824</b>

The accompanying notes form an integral part of the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 1. CORPORATE INFORMATION

AF Global Limited (the “Company”) is a limited liability company incorporated and domiciled in Singapore and listed on Singapore Exchange Securities Trading Limited (“SGX-ST”).

The registered office and the principal place of business of the Company is at Aspial One, 55 Ubi Avenue 3, #04-01, Singapore 408864.

The principal activities of the Company are investment holding and the provision of management services to its subsidiary companies. The subsidiary companies and joint venture companies invest in properties, develop properties for sale, provide a full suite of real estate consultancy services and own and operate hotels and serviced residences.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### 2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”).

The financial statements have been prepared on the historical cost basis except where disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (“SGD” or “\$”) and all values are rounded to the nearest thousand (\$’000) unless otherwise stated.

### 2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted the following SFRS(I) relevant to the Group’s operations which are effective for annual periods beginning on 1 January 2023:

- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 *Disclosure of Accounting Policies*
- Amendments to SFRS(I) 1-8 *Definition of Accounting Estimates*
- Amendments to SFRS(I) 1-12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The adoption of the standards above did not result in any significant impact on the financial performance or financial position of the Group and the Company.

### 2.3 Standards issued but not yet effective

The Group has not adopted the following SFRS(I) applicable to the Group that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to SFRS(I) 1-1 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to SFRS(I) 1-21 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The Directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 *Significant accounting estimates and judgments*

The preparation of the Company's and the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

#### *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes will deviate from the assumptions when they occur.

#### (a) *Revaluation of property, plant and equipment*

The Group carries its property, plant and equipment at fair value with changes in fair values being recognised in other comprehensive income.

The fair values of property, plant and equipment are determined by independent valuation specialists or Directors using recognised valuation techniques. These techniques comprise the discounted cash flow method and the market comparable approach.

The determination of the fair values of property, plant and equipment requires the use of estimates such as future cash flow from the assets and discount rates applicable to those assets, as well as indicative values of comparable properties. These estimates are based on local market conditions existing at the end of the reporting period. There was an increase in the level of estimation uncertainty in determining the fair value of the property, plant and equipment arising from the fluctuations in market conditions brought on by the changes in various government policies affecting global travel.

The carrying amounts, key assumptions used to determine the fair values of the property, plant and equipment and sensitivity analysis are further explained in Note 30(a).

#### (b) *Depreciation of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis over their expected useful lives. Management's estimate of the useful lives of these property, plant and equipment are disclosed in Note 2.10. The carrying amount of the Group's property, plant and equipment at 31 December 2023 was \$190,842,000 (2022: \$196,626,000). Changes in the expected level of usage and technological advancements could impact the economic useful lives of these assets. As a result, future depreciation charges could be revised. A 5% difference in the expected useful lives of these assets from management's estimates would result in a variance in the Group's profit/(loss) before taxation of approximately 3% (2022: 34%).

#### (c) *Valuation of investment in XZYJLC*

At the end of the reporting period, the investment in XZYJLC is measured at fair value through other comprehensive income in accordance with SFRS(I) 9 *Financial Instruments*. Management has assessed the risk-adjusted present value of the estimated share of liquidation proceeds expected by the Group upon the compulsory liquidation of the investee to be the best reasonable estimate of the fair value of the investment in XZYJLC.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The determination of the risk-adjusted present value of the estimated share of liquidation proceeds requires the use of estimates. This includes the completeness of the assets and liabilities of XZYJLC as at end of the reporting period, the liquidation discount rate applied to the fair value of the real estate assets held by XZYJLC, duration of the liquidation process, anticipated outflows for liabilities and expenditures up to the winding-up date, and discount for the time value of money. These estimates are based on the best available information provided to the management from the liquidators and local market conditions existing at the end of the reporting period. The fair value measurement is thus categorised as Level 3.

The carrying amounts, key assumptions used to determine the fair value of the investment in XZYJLC and sensitivity analysis are further explained in Note 30(a).

## *Judgments made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

### *(d) Determination of control over investees*

As at 31 December 2023, the Group has a 41% equity interest in HIRP (Thailand) Limited and a 49% equity interest in AF Global (Thailand) Limited. It has been assessed that the Group has management control over the financial and operating policies of these companies due to its majority representation on the board of these companies. Consequently, these companies are consolidated as subsidiary companies of the Group.

As at 31 December 2023, the Group has a 55% equity interest in Xuzhou RE Sales Co., Ltd ("XZRES") and Xuzhou YinJian LumChang Real Estate Development Co., Ltd ("XZYJLC"). For the classification of XZYJLC and XZRES (collectively, the "Xuzhou entities"), please refer to Note 2.4(f).

As at 31 December 2023, the Group owns 55% of equity in Knight Frank Pte Ltd ("KFPL"). KFPL in turn has a 91% (2022: 93%) equity interest in Knight Frank Property Asset Management Pte Ltd and 100% equity interest in KF Property Network Pte Ltd (collectively, "KFPL and its subsidiary companies"). It has been assessed that the Group does not have control over KFPL and its subsidiary companies because their operations are jointly controlled by the Group and the joint venture partner in accordance with a shareholders' agreement. Consequently, KFPL and its subsidiary companies are accounted for as joint venture companies of the Group.

### *(e) Impairment of investments in subsidiary companies and joint venture companies*

The Group and the Company assess at the end of each reporting period whether there is any indication that the investments in subsidiary companies and joint venture companies may be impaired. Determining whether there are indicators of impairment require judgments. In making these judgments, the Group and the Company evaluate, among other factors, the performance of the subsidiary companies and joint venture companies.

The carrying amounts of investments in subsidiary companies and joint venture companies at 31 December 2023 of the Group and the Company are disclosed in Notes 10 and 11 respectively.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.4 *Significant accounting estimates and judgments* (Continued)

*Judgments made in applying accounting policies* (Continued)

(f) *Classification of investment in Xuzhou entities*

*Investment in XZYJLC*

Pursuant to the Group's application for the compulsory liquidation of XZYJLC, the court on 25 September 2023 had accepted the application and appointed a local legal firm as the liquidator to carry out the compulsory liquidation of XZYJLC.

Since XZYJLC is in compulsory liquidation and the liquidators have assumed the responsibility of XZYJLC and had taken over all its official seals, the Group is not able to substantively exercise its rights to jointly control nor exert significant influence over the relevant activities of XZYJLC.

At 31 December 2023, the Group classified its investment in XZYJLC as a non-current asset in view of the compulsory liquidation process and uncertainty over the completion of the liquidation, and hence realisation of liquidation proceeds, within the next financial year.

*Investment in XZRES*

As at 31 December 2023, the Group has a 55% equity interest in Xuzhou RE Sales Co., Ltd ("XZRES"). Management has assessed that the Group is not able to substantively exercise its rights to jointly control nor exert significant influence over the relevant activities of XZRES. Consequently, XZRES is accounted for as a non-current asset of the Group.

The carrying amount of these assets are disclosed in Note 12.

(g) *Income taxes*

The Group has exposure to income taxes in numerous jurisdictions. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's tax payable, deferred tax assets and liabilities at 31 December 2023 were \$296,000 (2022: \$75,000), \$2,079,000 (2022: \$249,000) and \$24,361,000 (2022: \$24,454,000) respectively.

(h) *Assessment of tax impact arising from the remittance of XZYJLC's liquidation proceeds*

In determining the tax impact from the remittance of liquidation proceeds from XZYJLC, judgment is required to determine the expected mode of remittance of the proceeds. While management will assess the situation till completion of the compulsory liquidation process, management has determined that the most likely mode of remittance would be to receive the liquidation proceeds on its investment in XZYJLC in China instead of repatriation to Singapore. Hence, there is no tax impact arising from the remittance of the liquidation proceeds to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2.5 Foreign currency

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

### (a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiary companies, and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiary companies which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss on disposal of the foreign operation.

### (b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rates of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the dates of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

In the case of a partial disposal without loss of control of a subsidiary company that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences re-attributed to non-controlling interest is not recognised in profit or loss. For a partial disposal of a jointly controlled entity that is a foreign operation, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

## 2.6 Basis of consolidation and business combinations

### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at the end of the reporting period. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses, dividends and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary company are attributed to the non-controlling interest even if that results in a deficit balance.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.6 *Basis of consolidation and business combinations* (Continued)

#### (b) *Business combinations*

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and services are rendered.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured on the acquisition date at their fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree, and the fair value of the Group's previously held equity interest in the acquiree, over the net fair values of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

### 2.7 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiary companies not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary company that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary company. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

### 2.8 *Subsidiary companies*

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's balance sheet, investments in subsidiary companies are accounted for at cost less any impairment losses.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2.9 *Joint venture companies*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

The Group accounts for its investment in a joint venture company using the equity method from the date on which it becomes a joint venture company.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the joint venture company in the period in which the investment is acquired.

Under the equity method, the investment in a joint venture company is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the joint venture company. The profit or loss reflects the share of results of the operations of the joint venture company. Distributions received from joint venture company reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the joint venture company, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and a joint venture company are eliminated to the extent of the interest in the joint venture company.

When the Group's share of losses in a joint venture company equals or exceeds its interest in the joint venture company, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture company.

After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss on the Group's investment in joint venture company. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the joint venture company is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture company and its carrying value and recognises the amount in profit or loss.

The financial statements of the joint venture company are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

## 2.10 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.16. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, 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.

Subsequent to initial recognition, property, plant and equipment other than land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.10 *Property, plant and equipment* (Continued)

Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognised after the date of the revaluation. Fair value is determined from market-based evidence by Directors and supported by appraisals undertaken by independent valuation specialists where necessary. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

When an asset is revalued, any increase in the carrying amount is recognised in other comprehensive income and accumulated in the asset revaluation reserve. However, the increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. When an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income and reversed from the asset revaluation reserve to the extent of any credit balance existing in the reserve in respect of that asset.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. The whole of the revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to revenue reserve on retirement or disposal of the asset.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

	<u>Useful lives</u>
Buildings on freehold land	20 to 50 years
Building improvements	10 years
Leasehold land and buildings	32 to 40 years
Plant and machinery	5 to 10 years
Furniture, fittings and equipment	4 to 10 years
Motor vehicles	5 to 10 years

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual value, useful life and depreciation method are reviewed on an annual basis and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on such derecognition is included in profit or loss in the year the item of property, plant and equipment is derecognised.

### 2.11 *Impairment of non-financial assets*

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

## 2.12 Financial instruments

### (a) Financial assets

#### *Initial recognition and measurement*

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

#### *Subsequent measurement*

#### Investments in debt instruments

Debt instruments comprise cash and short-term deposits, trade and other receivables, amount due from a subsidiary company and quoted debt securities.

Depending on the Group's business model for managing the asset and the cash flow characteristics of the asset, subsequent measurement of debt instruments are as follows:

#### (i) *Amortised cost*

Cash and short-term deposits, trade and other receivables and amount due from a subsidiary company that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Such assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

#### (ii) *Fair value through other comprehensive income*

Quoted debt securities that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.12 *Financial instruments* (Continued)

#### (a) *Financial assets* (Continued)

##### *Subsequent measurement* (Continued)

##### Investments in equity securities

The Group had elected to recognise subsequent changes in fair value of investment in Xuzhou entities and unquoted equity securities not held for trading in other comprehensive income. Dividends from such investments are recognised in profit or loss when the Group's right to receive payments is established.

##### *Derecognition*

A financial asset is derecognised when the contractual rights to receive cash flows from the asset have expired. On derecognition of a debt instrument in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. On derecognition of an investment in equity instrument, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income will not be recycled to profit or loss.

#### (b) *Financial liabilities*

##### *Initial recognition and measurement*

Financial liabilities include trade and other payables, amount due to a subsidiary company, lease liability and interest-bearing loans and borrowings. Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities at amortised cost are initially recognised at fair value plus directly attributable transaction costs.

##### *Subsequent measurement*

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

##### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or has expired. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

#### (c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts which form an integral part of the Group's cash management.

## 2.14 Impairment of financial assets

For trade and other receivables, the Group applies a simplified approach in calculating expected credit losses. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime expected credit losses at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

## 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Food and beverage and general supplies – cost is determined on a weighted average or first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and estimated net realisable value.

## 2.16 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed as incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 2.17 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

## 2.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.18 Provisions (Continued)

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.19 Employee benefits

#### (a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund, a defined contribution pension scheme in Singapore. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

### 2.20 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### (a) As lessee

The Group recognises right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets are recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. For new leases, the Group recognises right-of-use assets at the commencement date of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of the lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

#### Useful lives

Leasehold land	16 years
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If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment of non-financial assets is set out in Note 2.11.

Lease liabilities are measured at the present value of the lease payments that are not paid at the date of initial application or commencement, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group determines its incremental borrowing rate by obtaining interest rates from various external sources and makes certain adjustments to reflect the terms of the lease and the type of the asset leased.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term or a change in the lease payments.

For short-term leases and leases of low-value assets, the Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Operating lease receipts are recognised as an income in profit or loss on a straight-line basis over the lease term. The accounting policy for rental income is set out in Note 2.24(d). Contingent rents are recognised as revenue in the periods in which they are earned.

## 2.21 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting period in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary companies and interests in joint venture companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.21 *Taxes* (Continued)

#### (b) *Deferred tax* (Continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary companies and interests in joint venture companies, where deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax items recognised outside profit or loss are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity, and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

#### (c) *Sales tax*

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

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax 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 that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

### 2.22 *Segment reporting*

For management reporting purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 28, including the factors used to identify the reportable segments and the basis of evaluating the segment performance.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2.23 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but where the liability is not recognised because:
  - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
  - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

## 2.24 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

### (a) *Revenue from hotel and serviced residence operations*

Room revenue from the rental of serviced residences, hotel rooms and other facilities is recognised when the service is rendered.

Food and beverage income is recognised upon sale.

Revenue from the rendering of services is recognised when the service is rendered.

### (b) *Interest income*

Interest income is recognised using the effective interest method.

### (c) *Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

### (d) *Rental income*

Rental income is recognised on a straight-line basis over the lease terms of ongoing leases.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

### 2.25 Earnings per share

Basic earnings per share is calculated by dividing profit, net of tax, attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing profit, net of tax, attributable to shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the potential conversion of all the dilutive ordinary shares into ordinary shares.

## 3. REVENUE

Segments	Group					
	Hotel and serviced residence		Others		Total	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Primary geographical markets</b>						
Singapore	–	–	872	856	872	856
Thailand	23,632	12,211	–	–	23,632	12,211
Vietnam	1,576	1,670	–	–	1,576	1,670
Lao People's Democratic Republic	2,296	1,503	–	–	2,296	1,503
	<b>27,504</b>	<b>15,384</b>	<b>872</b>	<b>856</b>	<b>28,376</b>	<b>16,240</b>
<b>Major product or service lines</b>						
Revenue from room, food and beverage and services rendered	26,659	14,530	–	–	26,659	14,530
Rental income	845	854	–	–	845	854
Interest income	–	–	872	856	872	856
	<b>27,504</b>	<b>15,384</b>	<b>872</b>	<b>856</b>	<b>28,376</b>	<b>16,240</b>
<b>Timing of transfer of goods or services</b>						
At a point in time	26,659	14,530	872	856	27,531	15,386
Over time	845	854	–	–	845	854
	<b>27,504</b>	<b>15,384</b>	<b>872</b>	<b>856</b>	<b>28,376</b>	<b>16,240</b>

No revenue was derived from the property segment for the financial years ended 31 December 2023 and 31 December 2022.

## 4. OTHER OPERATING INCOME

	Group	
	2023	2022
	\$'000	\$'000
Interest income from fixed deposits	608	320
Gain on sale of investment securities	–	9
Gain on sale of property, plant and equipment	–	10
Others	130	32
	<b>738</b>	<b>371</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 5. FINANCE COSTS

	Group	
	2023	2022
	\$'000	\$'000
Interest on bank loans	1,041	769
Interest on lease liability	71	75
	<b>1,112</b>	<b>844</b>

## 6. PROFIT/(LOSS) BEFORE TAXATION

The following items have been included in arriving at profit/(loss) before taxation:

Audit fees		
– Auditor of the Company	207	185
– Other auditors	80	69
Non-audit fees		
– Auditor of the Company	19	18
Total audit and non-audit fees	306	272
Legal and professional fees	555	563
Expected credit losses on trade and other receivables	23	–
Writeback of expected credit losses on trade receivables	–	(3)
Utilities	1,592	1,155
Repairs and maintenance	828	529
Property, plant and equipment written off	–	14
Amortisation of club memberships	3	3
Depreciation of property, plant and equipment	3,426	3,857
Depreciation of right-of-use asset	59	61
Salaries and other short-term employee benefits (including executive director)	6,792	5,234
Central Provident Fund and other defined contributions (including executive director)	325	225
Inventories recognised as an expense in cost of sales	1,893	1,321
Directors' fees	221	230
Rental expenses	177	186
Property tax	200	221
Foreign currency losses	915	1,256

## 7. TAXATION

The major components of income tax (credit)/expense for the years ended 31 December were:

Current tax		
– Current year	1,689	372
– Benefits from previously unrecognised tax losses	(1,273)	(171)
– (Over)/under provision in respect of prior year	(1)	2
Deferred tax		
– Origination and reversal of temporary differences	202	(139)
– Benefits from previously unrecognised tax losses	(1,842)	–
– Under provision in respect of prior year	–	2
Income tax (credit)/expense recognised in profit or loss	<b>(1,225)</b>	<b>66</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 7. TAXATION (CONTINUED)

As at 31 December 2023, certain subsidiary companies in the Group had unutilised tax losses of approximately \$123,185,000 (2022: \$129,601,000) which may be available for set off against future taxable profits of the respective companies in which the tax losses arose. The availability and utilisation of these tax losses are subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislations of the respective countries in which the companies operate. Tax losses amounting to \$9,945,000 (2022: \$16,381,000) will expire within the next 5 years. No deferred tax asset was recognised due to uncertainty of its recoverability except as disclosed in Note 13.

A reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rate for the years ended 31 December were as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) before taxation	<b>5,307</b>	(565)
Adjustment for:		
Share of results of joint venture companies	<b>(1,858)</b>	(3,267)
	<b>3,449</b>	(3,832)
Tax at statutory rate of 17% (2022: 17%)	<b>586</b>	(651)
Tax effect of expenses not deductible in determining taxable profit	<b>935</b>	893
Tax effect of income not taxable in determining taxable profit	–	(1)
Tax effect of tax incentives	<b>(43)</b>	(64)
(Over)/under provision in respect of prior year	<b>(1)</b>	4
Tax effect of different statutory tax rates of other countries	<b>159</b>	(102)
Tax effect of unutilised tax losses and temporary differences	<b>(1,624)</b>	–
Tax effect of utilisation of previously unrecognised tax losses	<b>(1,273)</b>	(171)
Tax effect of net deferred tax assets not recognised	<b>22</b>	150
Withholding tax	<b>6</b>	6
Others, net	<b>8</b>	2
	<b>(1,225)</b>	66

The expenses not deductible in determining taxable profit comprised mainly expenses disallowed for investment holding companies, foreign currency losses of a capital nature, and borrowing costs on capital expenditures.

## 8. EARNINGS/(LOSS) PER SHARE

Profit/(loss) attributable to shareholders of the Company	<b>2,644</b>	(553)
<b>Number of shares</b> ('000)		
Weighted average number of ordinary shares in issue for basic and diluted earnings per share	<b>1,055,639</b>	1,055,639
<b>Earnings/(loss) per share</b> (cents)		
Basic	<b>0.25</b>	(0.05)
Diluted	<b>0.25</b>	(0.05)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 9. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Capital work-in- progress \$'000	Plant and machinery \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Group</b>							
Cost and valuation							
At 1 January 2023							
Cost	–	–	4,003	12,429	17,281	171	33,884
Valuation	206,560	13,536	–	–	–	–	220,096
	206,560	13,536	4,003	12,429	17,281	171	253,980
Additions	110	–	–	108	330	–	548
Write off	(54)	–	–	(319)	(306)	–	(679)
Reclassification	–	–	(2)	–	2	–	–
Currency realignment	(2,124)	(1,231)	(42)	(346)	(476)	(8)	(4,227)
At 31 December 2023	204,492	12,305	3,959	11,872	16,831	163	249,622
Representing –							
Cost	–	–	3,959	11,872	16,831	163	32,825
Valuation	204,492	12,305	–	–	–	–	216,797
	204,492	12,305	3,959	11,872	16,831	163	249,622
Accumulated depreciation							
At 1 January 2023	29,100	1,957	–	11,532	14,596	169	57,354
Charge for the year	907	925	–	429	1,163	2	3,426
Write off	(54)	–	–	(319)	(306)	–	(679)
Currency realignment	(301)	(233)	–	(334)	(445)	(8)	(1,321)
At 31 December 2023	29,652	2,649	–	11,308	15,008	163	58,780
Net carrying amount							
At 31 December 2023	174,840	9,656	3,959	564	1,823	–	190,842

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Freehold land and buildings \$'000	Leasehold land and buildings \$'000	Capital work-in- progress \$'000	Plant and machinery \$'000	Furniture, fittings and equipment \$'000	Motor vehicles \$'000	Total \$'000
<b>Group</b>							
Cost and valuation							
At 1 January 2022							
Cost	–	–	4,178	13,414	19,374	268	37,234
Valuation	211,835	16,557	–	–	–	–	228,392
	211,835	16,557	4,178	13,414	19,374	268	265,626
Additions	6	–	–	123	85	–	214
Revaluation	3,615	–	–	–	–	–	3,615
Disposals	–	–	–	–	–	(73)	(73)
Write off	(27)	–	–	(247)	(642)	–	(916)
Currency realignment	(8,869)	(3,021)	(175)	(861)	(1,536)	(24)	(14,486)
At 31 December 2022	206,560	13,536	4,003	12,429	17,281	171	253,980
Representing –							
Cost	–	–	4,003	12,429	17,281	171	33,884
Valuation	206,560	13,536	–	–	–	–	220,096
	206,560	13,536	4,003	12,429	17,281	171	253,980
Accumulated depreciation							
At 1 January 2022	29,316	1,231	–	12,040	15,367	257	58,211
Charge for the year	1,048	1,059	–	527	1,217	6	3,857
Disposals	–	–	–	–	–	(71)	(71)
Write off	(27)	–	–	(241)	(634)	–	(902)
Currency realignment	(1,237)	(333)	–	(794)	(1,354)	(23)	(3,741)
At 31 December 2022	29,100	1,957	–	11,532	14,596	169	57,354
Net carrying amount							
At 31 December 2022	177,460	11,579	4,003	897	2,685	2	196,626

The Group's cash outflow on acquisition of property, plant and equipment amounted to \$548,000 (2022: \$214,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Group's freehold and leasehold land and buildings consist of the following:

	<u>Location</u>	<u>Description</u>	<u>Site area</u>	<u>Gross floor area</u>	<u>Tenure of land</u>
(i)	Holiday Inn Resort Phuket 52 Thaweewong Road Tambol Patong Amphoe Kathu Phuket Thailand	398-room hotel	30,670 sq.m.	36,860 sq.m.	Freehold
(ii)	Somerset Vientiane Souphanouvong Avenue Sikottabong District Vientiane Lao People's Democratic Republic	116-unit serviced residence	11,946 sq.m.	13,619 sq.m.	40 years lease from 7 November 1994
(iii)	Cityview Apartments and Commercial Centre 12 Mac Dinh Chi Street Da Kao Ward District 1 Ho Chi Minh City Vietnam	66-unit serviced residence and office space	2,690 sq.m.	12,856 sq.m.	40 years lease from 1 March 1995
(iv)	Phuket Rawai Beach Resort 100 Wiset Road Tambol Rawai Amphoe Muang Phuket Phuket Thailand	Resort hotel (under development)	180,132 sq.m.	Not applicable	Freehold

The carrying value of the Group's freehold land and buildings included in property, plant and equipment that have been mortgaged to secure various loan facilities, as detailed in Note 19, amounted to \$117,013,000 (2022: \$118,988,000).

The fair values of the above land and buildings were determined by independent valuation specialists or Directors in December 2022 using valuation techniques and inputs as disclosed in Note 30(a). An assessment on the land and buildings was performed in December 2023 and it was concluded that there are no significant changes in the business environment to suggest that its fair value as at 31 December 2023 is materially different from 31 December 2022.

If the land and buildings were measured on a historical cost basis, the carrying amounts would be:

	<u>Group</u>	
	<u>2023</u>	<u>2022</u>
	<u>\$'000</u>	<u>\$'000</u>
Freehold land	<b>77,937</b>	78,747
Buildings on freehold land	<b>9,248</b>	10,147
Leasehold land	<b>677</b>	773
Buildings on leasehold land	<b>4,326</b>	5,295
	<b>92,188</b>	94,962

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 10. SUBSIDIARY COMPANIES

	Company	
	2023 \$'000	2022 \$'000
Unquoted shares, at cost	207,778	207,778
Advances to subsidiary companies	229,494	229,334
Less: Allowance for impairment loss	<b>(141,657)</b>	(141,657)
	<b>295,615</b>	295,455
Movement in allowance for impairment loss:		
Balance at beginning and end	<b>141,657</b>	141,657

The advances to subsidiary companies are non-trade in nature, unsecured and interest-free, except for an amount of \$11,630,000 (2022: \$11,890,000) which is interest bearing at 6.05% to 6.56% (2022: 2.55% to 6.25%) per annum during the year. The Company does not expect to recover the advances to its subsidiary companies within the next 12 months and has classified the amounts as non-current as it is in substance a net interest in the subsidiary companies.

The Company has undertaken not to recall the advances to subsidiary companies until the cash flows of the subsidiary companies permit and where necessary, to continue to provide financial support to enable the subsidiary companies to meet their liabilities as and when they fall due, for at least 12 months from the issuance date of the financial statements for the year ended 31 December 2023.

Name of company	Country of incorporation and place of business	Principal activities	At cost		Percentage of equity held by the Group	
			2023 \$'000	2022 \$'000	2023 %	2022 %
<b>Held by the Company</b>						
Draycott Garden Pte Ltd	Singapore	Investment holding	1,000	1,000	100	100
Hillgate Investment Pte Ltd	Singapore	Investment holding	1,200	1,200	100	100
L.C. Hotels Pte Ltd	Singapore	Investment holding and provision of management services	162,651	162,651	100	100
LCD Property Pte Ltd	Singapore	Investment holding	1,000	1,000	100	100
LCD (Indochina) Pte Ltd	Singapore	Investment holding	100	100	100	100
LCD (Vietnam) Pte Ltd	Singapore	Investment holding	800	800	80	80
Cheong Hock Chye & Co. (Pte) Ltd	Singapore	Investment holding	38,724	38,724	100	100
Bon 88 Investment Pte Ltd	Singapore	Investment holding	100	100	100	100
Bon (38) Investment Pte Ltd	Singapore	Investment holding	100	100	100	100

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Name of company	Country of incorporation and place of business	Principal activities	At cost		Percentage of equity held by the Group	
			2023 \$'000	2022 \$'000	2023 %	2022 %
<b>Held by the Company</b> (Continued)						
Rawai 88 Investment Pte Ltd	Singapore	Investment holding	100	100	100	100
Rawai (38) Investment Pte Ltd	Singapore	Investment holding	100	100	100	100
AF Global Investment Holding Pte Ltd	Singapore	Investment holding	@	@	100	100
③ LCD Property Management Pte Ltd	Singapore	Dormant	1,903	1,903	100	100
<b>Held through subsidiary companies</b>						
L.C. Logistics Pte Ltd	Singapore	Investment holding	**	**	100	100
AF Phuket Hotels Pte Ltd	Singapore	Investment holding	**	**	100	100
AF Rawai Hotels Pte Ltd	Singapore	Investment holding	**	**	100	100
② AF Global (Phuket) Limited*^	Thailand	Investment holding	**	**	49	49
② HIRP (Thailand) Limited*^	Thailand	Hotel investment	**	**	12.6	12.6
② RP (Thailand) Limited*^	Thailand	Property investment	**	**	49	49
② AF Global (Thailand) Limited*	Thailand	Investment holding	**	**	49	49
② RP Hotels (Thailand) Limited	Thailand	Hotel investment	**	**	100	100
① Gateway Enterprise Company Limited	Lao People's Democratic Republic	Serviced residence investment	**	**	100	100
① Cityview Property Investment & Trading Limited	Vietnam	Serviced residence investment	**	**	54.8	54.8
③ AF (Shanghai) Business Consulting Co., Ltd	People's Republic of China	Business consulting	**	**	100	100

@ The shareholding in this company is less than \$1,000.

\* Accounted for as a subsidiary company of the Group by virtue of management control over financial and operating policies of the company.

\*\* The shareholdings in these companies are held indirectly through subsidiary companies of the Company.

^ The Group holds a total equity interest of 74%, 41% and 87% (2022: 74%, 41% and 87%) in AF Global (Phuket) Limited, HIRP (Thailand) Limited and RP (Thailand) Limited respectively, including those held through indirect interest.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 10. SUBSIDIARY COMPANIES (CONTINUED)

All the companies are audited by Ernst & Young LLP, Singapore except for the following:

- ① Audited by member firms of Ernst & Young Global in the respective countries.
- ② Audited by PricewaterhouseCoopers ABAS Ltd, Bangkok, Thailand.
- ③ This company is not required to be audited by law in its country of incorporation.

In the engagement of auditing firms for the Company, its subsidiary companies and significant joint venture companies, the Company has complied with Rules 712 and 715 of the Listing Manual of SGX-ST.

### *Interest in a subsidiary company with material non-controlling interest*

The Group has the following subsidiary company with material non-controlling interest.

Name of company	Principal place of business	Proportion of accounting interest held by non-controlling interest %	Profit/(loss) after tax allocated to non-controlling interest during the reporting period \$'000	Accumulated non-controlling interest at the end of reporting period \$'000	Dividends paid to non-controlling interest \$'000
<b>2023</b>					
HIRP (Thailand) Limited	Thailand	49	3,712	47,573	1,180
<b>2022</b>					
HIRP (Thailand) Limited	Thailand	49	(192)	45,524	–

### *Summarised financial information of a subsidiary company with material non-controlling interest*

Summarised financial information and consolidation adjustments but before intercompany eliminations of the subsidiary company with material non-controlling interest was as follows:

	HIRP (Thailand) Limited	
	2023 \$'000	2022 \$'000
<b>Summarised balance sheet</b>		
Current assets	11,043	5,842
Current liabilities	(8,083)	(16,314)
Net current assets/(liabilities)	2,960	(10,472)
Non-current assets	121,386	122,676
Non-current liabilities	(28,705)	(21,723)
Net non-current assets	92,681	100,953
Net assets	95,641	90,481
<b>Summarised statement of comprehensive income</b>		
Revenue	23,632	12,211
Profit/(loss) before tax	4,977	(764)
Income tax credit/(expense)	1,858	(9)
Profit/(loss) after tax, representing total comprehensive income for the year	6,835	(773)
<b>Other summarised information</b>		
Net cash flows from operating activities	7,014	3,341



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 11. JOINT VENTURE COMPANIES

The Group's material investments in joint venture companies are summarised below:

	Group	
	2023 \$'000	2022 \$'000
Knight Frank Pte Ltd, Knight Frank Property Asset Management Pte Ltd and KF Property Network Pte Ltd (collectively, "KF group")	<b>33,949</b>	34,312

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group	
			2023 %	2022 %
<b>Held through a subsidiary company</b>				
Knight Frank Pte Ltd	Singapore	Valuers, auctioneers, estate agents and property consultants	55	55
<b>Held through a joint venture company</b>				
Knight Frank Property Asset Management Pte Ltd	Singapore	Management of real estate, mall, car park and real estate consultancy services	50	51
KF Property Network Pte Ltd	Singapore	Real estate agency	55	55

All the companies are audited by Ernst & Young LLP, Singapore.

The Group jointly controls the ventures with its partners under contractual agreements which require unanimous consent for all major decisions over the relevant activities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 11. JOINT VENTURE COMPANIES (CONTINUED)

The summarised financial information in respect of KF group, based on its financial statements prepared in accordance with SFRS(I), and reconciliation with the carrying amount of the investment in the consolidated financial statements were as follows:

	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Summarised balance sheet</b>		
Cash and short-term deposits	<b>22,312</b>	26,364
Other current assets	<b>25,313</b>	19,935
Current assets	<b>47,625</b>	46,299
Non-current assets	<b>19,562</b>	22,111
Total assets	<b>67,187</b>	68,410
Current financial liabilities (excluding trade, other payables and provisions)	<b>1,793</b>	1,456
Other current liabilities	<b>25,304</b>	23,853
Non-current financial liabilities	<b>3,380</b>	5,048
Other non-current liabilities	<b>382</b>	1,299
Total liabilities	<b>30,859</b>	31,656
Net assets	<b>36,328</b>	36,754
Non-controlling interests	<b>(1,283)</b>	(1,085)
	<b>35,045</b>	35,669
Proportion of the Group's ownership	<b>55%</b>	55%
Group's share of net assets	<b>19,274</b>	19,618
Goodwill on acquisition	<b>9,810</b>	9,810
Other adjustments	<b>4,865</b>	4,884
Carrying amount of the investment	<b>33,949</b>	34,312
<b>Summarised statement of comprehensive income</b>		
Revenue	<b>81,610</b>	89,573
Interest income	<b>585</b>	199
Operating expenses	<b>(75,759)</b>	(80,618)
Depreciation and amortisation	<b>(1,740)</b>	(1,735)
Interest expense	<b>(298)</b>	(361)
Profit before tax	<b>4,398</b>	7,058
Income tax expense	<b>(986)</b>	(1,083)
Profit after tax, representing total comprehensive income for the year	<b>3,412</b>	5,975

During the year, the Group received dividend amounting to \$2,475,000 (2022: \$2,200,000) from KF group. There are no significant restrictions on the ability of KF group to transfer funds to the Group in the form of cash dividends, or to repay loans or advances made by the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 12. INVESTMENT SECURITIES / INVESTMENT IN XUZHOU ENTITIES

At fair value through other comprehensive income ("FVOCI"):

	Group	
	2023 \$'000	2022 \$'000
<b>Non-current</b>		
Unquoted equity securities	1,809	4,033
Investment in XZYJLC	48,688	50,627
Investment in XZRES	1,022	1,316
<b>Current</b>		
Quoted debt securities	14,010	13,664

At the end of the financial year, the fair value of the unquoted equity securities, investment in XZYJLC and XZRES decreased by \$2,224,000, \$1,939,000 and \$294,000 respectively with the corresponding adjustments to fair value adjustment reserve.

As detailed in Notes 2.4(c) and 2.4(f), the Group classified its investment in XZYJLC as a non-current asset in view of the compulsory liquidation process and uncertainty over its realisation within the next financial year. The fair value of the investment is determined by management's assessment of the risk-adjusted present value of the estimated share of liquidation proceeds expected, as disclosed in Note 30(a).

## 13. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

	Group			
	Balance sheet		Profit or loss	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Deferred tax assets arise as a result of:				
Tax losses	1,837	–	(1,842)	–
Provisions	242	229	(16)	10
Net loss on debt instruments designated at FVOCI	–	20	–	–
	<b>2,079</b>	<b>249</b>		
Unrecognised deferred tax assets are disclosed in Note 7.				
Deferred tax liabilities arise as a result of:				
Revaluation of assets				
– to asset revaluation reserve	19,817	20,166	–	–
– to revenue reserve	1,150	1,162	–	–
Provisions	3,344	3,126	218	(147)
Net gain on debt instruments designated at FVOCI	50	–	–	–
	<b>24,361</b>	<b>24,454</b>		
Deferred tax credit			<b>(1,640)</b>	<b>(137)</b>

At the end of the reporting period, no deferred tax liability had been recognised for taxes that would be payable on the undistributed earnings of a subsidiary company as the Group had determined that the undistributed earnings of this company would not be distributed in the foreseeable future. The temporary difference for which no deferred tax liability had been recognised was estimated to be \$18,030,000 (2022: \$18,031,000) and the related deferred tax liability amount was approximately \$1,803,000 (2022: \$1,803,000).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 14. TRADE RECEIVABLES

Trade receivables are non-interest bearing and are generally settled between 30 to 60 days' term. They are recognised at their original invoice amounts which represent their fair values at initial recognition.

The Group had trade receivables amounting to \$84,000 (2022: \$135,000) that were past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their ageing was as follows:

	Group	
	2023 \$'000	2022 \$'000
Trade receivables past due but not impaired:		
Up to 30 days	73	90
31 to 60 days	9	18
61 to 90 days	1	15
More than 90 days	1	12
	<b>84</b>	<b>135</b>

The Group had provided an allowance for expected credit losses of \$3,000 (2022: Nil) for the impairment of trade receivables as follows:

Trade receivables that are impaired:		
Trade receivables – nominal amounts	3	–
Less: Allowance for impairment	<b>(3)</b>	–
	–	–
Balance at beginning	–	4
Charge/(credit) to profit or loss	3	(3)
Currency realignment	–	(1)
Balance at end	<b>3</b>	–

Trade receivables that were individually determined to be impaired relate to debts that were long overdue. These receivables are not secured by any collateral or credit enhancements.

## 15. OTHER RECEIVABLES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Sundry deposits	53	22	–	–
Interest receivable	19	24	3,841	3,718
Amounts due from related parties	79	119	–	2
Net GST receivable	578	583	–	–
Others	112	14	–	–
Less: Allowance for impairment loss	<b>(7)</b>	–	<b>(3,473)</b>	(3,473)
	<b>834</b>	<b>762</b>	<b>368</b>	<b>247</b>

Movement in allowance for impairment loss:

Balance at beginning	–	–	3,473	3,473
Charge to profit or loss	7	–	–	–
Balance at end	<b>7</b>	–	<b>3,473</b>	<b>3,473</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Interest receivable of the Company is in relation to the interest receivable from subsidiary companies.

Amounts due from related parties are non-trade related, unsecured, non-interest bearing and are due for repayment in cash within the next twelve months.

Allowance for impairment loss of the Company amounting to \$3,473,000 (2022: \$3,473,000) was in respect of interest receivable from a subsidiary company.

## 16. AMOUNT DUE FROM A SUBSIDIARY COMPANY / AMOUNT DUE TO A SUBSIDIARY COMPANY

The amount due from a subsidiary company is non-trade related, unsecured, non-interest bearing and is to be settled within the next twelve months.

The amount due to a subsidiary company under non-current liabilities is non-trade related, unsecured and non-interest bearing. It is repayable only when the cash flow of the Company permits.

## 17. TRADE PAYABLES

Trade payables are unsecured, non-interest bearing and normally settled between 30 to 90 days' term.

## 18. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Accrued expenses	3,583	3,404	349	345
Interest payable	1,147	1,167	34	65
Sundry creditors	442	404	130	118
Amounts due to related parties	152	–	112	–
Accrued development costs	413	414	–	–
	<b>5,737</b>	<b>5,389</b>	<b>625</b>	<b>528</b>

Amounts due to related parties are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Other payables and accruals are normally settled within six months.

## 19. LOANS AND BORROWINGS

Repayable within 12 months	13,617	20,007	10,419	9,400
Repayable after 12 months	9,322	3,432	392	1,160
	<b>22,939</b>	<b>23,439</b>	<b>10,811</b>	<b>10,560</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 19. LOANS AND BORROWINGS (CONTINUED)

Details of the Group's loans and borrowings were as follows:

- (i) Four term loans aggregating \$11,354,000 (2022: \$11,606,000) secured by a mortgage on the freehold land and buildings owned by a company in the Group bore interest at 2.00% to 4.68% (2022: 2.00% to 3.58%) per annum during the year. In aggregate, these term loans are repayable by instalments with an annual minimum sum of \$1,848,000 and a maximum sum of \$2,685,000 from January 2024 to December 2028 and the remaining sum of \$188,000 repayable in June 2029.
- (ii) Two revolving credit facilities totalling \$3,000,000 (2022: \$3,000,000) which are unsecured and bore interest at 5.88% to 6.08% (2022: 2.30% to 6.00%) per annum during the year. They are repayable on demand.
- (iii) A revolving credit facility of \$6,650,000 (2022: \$5,650,000) secured by a pledge of shares of a company in the Group bore interest at 5.76% to 6.40% (2022: 2.38% to 6.00%) per annum during the year. It is repayable on demand.
- (iv) A term loan of \$1,161,000 (2022: \$1,910,000) which is unsecured and bore interest at 2.50% (2022: 2.50%) per annum during the year. It is repayable monthly with a minimum sum of \$63,000 and a maximum sum of \$66,000 from January 2024 to June 2025.
- (v) A term loan of \$774,000 (2022: \$1,273,000) secured by a corporate guarantee of the Company bore interest at 2.50% (2022: 2.50%) per annum during the year. It is repayable monthly with a minimum sum of \$42,000 and a maximum sum of \$44,000 from January 2024 to June 2025.

The revolving credit facilities of the Company of \$9,650,000 (2022: \$8,650,000) have no fixed repayment terms. They can be rolled over when due.

A reconciliation of liabilities from financing activities of the Group is as follows:

	2022 \$'000	Cash flows \$'000	Foreign exchange movement \$'000	Reclassification \$'000	2023 \$'000
Loans and borrowings					
– current	20,007	(3,223)	(80)	(3,087)	13,617
– non-current	3,432	2,843	(40)	3,087	9,322
	<u>23,439</u>	<u>(380)</u>	<u>(120)</u>	<u>–</u>	<u>22,939</u>

	2021 \$'000	Cash flows \$'000	Foreign exchange movement \$'000	Reclassification \$'000	2022 \$'000
Loans and borrowings					
– current	12,092	(1,800)	(86)	9,801	20,007
– non-current	13,193	463	(423)	(9,801)	3,432
	<u>25,285</u>	<u>(1,337)</u>	<u>(509)</u>	<u>–</u>	<u>23,439</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 20. SHARE CAPITAL

### Ordinary shares of the Company:

	No. of shares		Share capital	
	2023 '000	2022 '000	2023 \$'000	2022 \$'000
Balance at beginning and end	<b>1,055,639</b>	1,055,639	<b>209,518</b>	209,518

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares (except treasury shares) carry one vote per share without restriction and carry a right to dividends as and when declared by the Company.

## 21. NON-CONTROLLING INTERESTS

Included in non-controlling interests are advances amounting to \$1,196,000 (2022: \$1,196,000) from a non-controlling interest which are unsecured and non-interest bearing. The advances are not due for repayment within the next twelve months.

## 22. CAPITAL AND OTHER RESERVES

### (a) Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land and buildings, net of tax, and decreases to the extent that such decrease does not exceed the amount held in the asset revaluation reserve for that same asset. Revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred to the revenue reserve on retirement or disposal of the asset.

	Group	
	2023 \$'000	2022 \$'000
Balance at beginning	<b>49,412</b>	47,742
Net surplus on revaluation of property, plant and equipment	–	1,908
Adjustments of deferred tax liabilities	<b>79</b>	(238)
Transfer to accumulated losses	<b>(3,497)</b>	–
Balance at end	<b>45,994</b>	49,412

The transfer to accumulated losses during the financial year relates to the utilisation of asset revaluation reserve by a subsidiary company to offset its accumulated losses.

### (b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The exchange difference is transferred to profit or loss when the foreign operation is disposed of.

Balance at beginning	<b>(8,244)</b>	(965)
Foreign currency translation loss	<b>(1,658)</b>	(6,305)
Transfer to accumulated losses	<b>(501)</b>	–
Transfer to fair value adjustment reserve and accumulated losses	–	(974)
Balance at end	<b>(10,403)</b>	(8,244)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 22. CAPITAL AND OTHER RESERVES (CONTINUED)

### (b) Foreign currency translation reserve (Continued)

As detailed in Note 22(a), the transfer to accumulated losses during the financial year relates to the utilisation of asset revaluation reserve by a subsidiary company to offset its accumulated losses.

The transfer to fair value adjustment reserve and accumulated losses in the last financial year relates to the realisation of foreign currency translation loss and subsequent measurement of the Group's investment in Xuzhou entities at FVOCI in accordance with SFRS(I) 9 *Financial Instruments*.

### (c) Legal reserve

Pursuant to the laws of the country of incorporation, two (2022: two) foreign subsidiary companies of the Group are required to set aside at least 5% of its profits arising from its operations at each distribution of dividend until the amount set aside is not less than 10% of its registered capital. The legal reserve is non-distributable.

	Group	
	2023 \$'000	2022 \$'000
Balance at beginning and end	30	30

### (d) Other reserves

Other reserves comprise fair value adjustment reserve which is used to record the cumulative net change in fair value of financial assets and share of reserves of a joint venture company.

Balance at beginning	(1,074)	(505)
Net loss on fair value changes of financial assets	(4,067)	(5,475)
Share of reserves of a joint venture company	54	6
Transfer from foreign currency translation reserve	–	4,900
Balance at end	<b>(5,087)</b>	<b>(1,074)</b>

As detailed in Note 22(b), the transfer from foreign currency translation reserve in the last financial year relates to the subsequent measurement of the Group's investment in XZYJLC at FVOCI in accordance with SFRS(I) 9 *Financial Instruments*.

## 23. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash and bank balances	14,618	7,326	1,265	277
Fixed deposits	7,967	7,552	–	–
	<b>22,585</b>	<b>14,878</b>	<b>1,265</b>	<b>277</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprised the following:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and short-term deposits	<b>22,585</b>	14,878
Less: Fixed deposit pledged	–	(54)
	<b>22,585</b>	14,824

The weighted average effective interest rate of the fixed deposits of the Group at the end of the year was 4.80% (2022: 5.92%) per annum.

## 24. LEASES

### *As lessee*

The Group has a lease contract for land. This lease has a remaining non-cancellable lease term of 16 years from the date of initial application of SFRS(I) 16 with renewal option. The Group is restricted from subleasing to third parties. The Group also has leases of office premises which is short-term and office and operating equipment which are of low-value. The Group applies the short-term lease and leases of low-value assets recognition exemptions for these leases.

The carrying amount of right-of-use asset recognised and its movement during the year was as follows:

<b>Leasehold land</b>		
Balance at beginning	<b>709</b>	772
Depreciation expense	<b>(59)</b>	(61)
Currency realignment	<b>(13)</b>	(2)
Balance at end	<b>637</b>	709

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 24. LEASES (CONTINUED)

### *As lessee* (Continued)

The carrying amount of lease liability and its movement during the year was as follows:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
As at 1 January	<b>859</b>	892
Accretion of interest	<b>71</b>	75
Payments	<b>(103)</b>	(103)
Currency realignment	<b>(17)</b>	(5)
Balance at end	<b>810</b>	859
Current	<b>37</b>	33
Non-current	<b>773</b>	826

The maturity analysis of the lease liability is disclosed in Note 29.

Amounts recognised in profit or loss:

Depreciation expense of right-of-use asset	<b>59</b>	61
Interest expense on lease liability	<b>71</b>	75
Expenses relating to short-term leases and leases of low-value assets (included in rental expenses)	<b>168</b>	180
Total amount recognised in profit or loss	<b>298</b>	316

Total cash outflow of the Group for leases during the year amounted to \$271,000 (2022: \$283,000).

### *As lessor*

The Group has entered into commercial leases on its property portfolio. These non-cancellable leases have remaining lease terms of up to 3 years.

Future minimum lease payments receivable under non-cancellable operating leases were as follows:

Not later than 1 year	<b>715</b>	736
Later than 1 year but not later than 5 years	<b>149</b>	11
	<b>864</b>	747

## 25. CONTINGENT LIABILITIES

As at 31 December 2023, the Company had provided a corporate guarantee to a bank for a term loan granted to a subsidiary company for an amount of \$2,000,000 (2022: \$2,000,000). The amount outstanding under the term loan is \$774,000 (2022: \$1,273,000).

## 26. CAPITAL COMMITMENTS

The Group had commitments in respect of property, plant and equipment of \$2,209,000 (2022: \$2,119,000) not provided for in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 27. RELATED PARTY DISCLOSURES

In addition to those related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place during the year on terms agreed between the parties:

	Group	
	2023 \$'000	2022 \$'000
<b>(a) Sale and purchase of goods and services</b>		
<b>Related parties</b>		
<i>Aspial Corporation Limited and its subsidiary companies:</i>		
Interest income received	872	856
Recharge of staff cost and rental receivable	74	57
Purchase of investment securities	(3,000)	(2,500)
Corporate service fee paid	(451)	(456)
Rental and maintenance expenses paid	(172)	(182)
<i>Fragrance Group Limited<sup>#</sup> and its subsidiary companies:</i>		
Facilities management fee received by a joint venture company of the Group*	111	154
Agency commission received by a joint venture company of the Group*	-	13
<b>(b) Remuneration of key management personnel</b>		
Salaries and other short-term employee benefits	(947)	(747)
Central Provident Fund contributions	(46)	(38)
Total remuneration paid to key management personnel	(993)	(785)

# a company in which Mr Koh Wee Meng has an interest of 30% or more. Mr Koh Wee Seng, a controlling shareholder of the Company, and Mr Koh Wee Meng are siblings.

\* based on the Group's effective interest in the transactions.

## 28. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the nature of products and services provided.

The reportable operating segments are as follows:

The property segment relates to project and property management, real estate consultancy services, investment in properties and development of properties for sale.

The hotel and serviced residence segment relates to ownership and operation of hotels and serviced residences.

The others segment relates mainly to investment holding activities.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss of the operating segments, as shown in the table below.

Transfer prices between operating segments are based on contractual agreements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 28. SEGMENT INFORMATION (CONTINUED)

	Group			Consolidated \$'000
	Property \$'000	Hotel and serviced residence \$'000	Others \$'000	
<b>2023</b>				
<b>Segment revenue</b>				
Total segment sales	–	27,504	3,924	31,428
Inter-segment sales	–	–	(3,052)	(3,052)
Revenue	–	27,504	872	28,376
Segment results	(158)	5,211	(492)	4,561
Finance costs	–	(504)	(608)	(1,112)
Share of results of joint venture companies	1,858	–	–	1,858
Profit/(loss) before taxation	1,700	4,707	(1,100)	5,307
Taxation	–	1,255	(30)	1,225
Profit/(loss) for the year	1,700	5,962	(1,130)	6,532
Segment assets	162	214,204	1,497	215,863
Investment in joint venture companies	33,949	–	–	33,949
Investment securities	–	–	15,819	15,819
Deferred tax assets	–	2,079	–	2,079
Investment in Xuzhou entities	49,710	–	–	49,710
Total assets	83,821	216,283	17,316	317,420
Segment liabilities	102	7,552	701	8,355
Loans and borrowings	–	12,128	10,811	22,939
Tax liabilities	53	24,522	82	24,657
Total liabilities	155	44,202	11,594	55,951
Other segment information:				
Capital expenditures	–	548	–	548
Depreciation of property, plant and equipment	–	3,426	–	3,426
Depreciation of right-of-use asset	–	59	–	59
Amortisation expenses	–	3	–	3
Interest income	–	608	872	1,480

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Group			Consolidated \$'000
	Property \$'000	Hotel and serviced residence \$'000	Others \$'000	
<b>2022</b>				
<b>Segment revenue</b>				
Total segment sales	–	15,384	3,771	19,155
Inter-segment sales	–	–	(2,915)	(2,915)
Revenue	–	15,384	856	16,240
Segment results	(450)	(2,114)	(424)	(2,988)
Finance costs	–	(444)	(400)	(844)
Share of results of joint venture companies	3,267	–	–	3,267
Profit/(loss) before taxation	2,817	(2,558)	(824)	(565)
Taxation	–	(53)	(13)	(66)
Profit/(loss) for the year	2,817	(2,611)	(837)	(631)
Segment assets	60	213,579	456	214,095
Investment in joint venture companies	34,312	–	–	34,312
Investment securities	–	–	17,697	17,697
Deferred tax assets	–	229	20	249
Investment in Xuzhou entities	51,943	–	–	51,943
Total assets	86,315	213,808	18,173	318,296
Segment liabilities	667	6,706	607	7,980
Loans and borrowings	–	12,879	10,560	23,439
Tax liabilities	53	24,461	15	24,529
Total liabilities	720	44,046	11,182	55,948
Other segment information:				
Capital expenditures	–	214	–	214
Depreciation of property, plant and equipment	–	3,857	–	3,857
Depreciation of right-of-use asset	–	61	–	61
Amortisation expenses	–	3	–	3
Interest income	–	316	860	1,176
Property, plant and equipment written off	–	14	–	14

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 28. SEGMENT INFORMATION (CONTINUED)

### *Geographical segments*

The Group's geographical segments are based on the location of the Group's assets. Revenue disclosed in geographical segments are based on sales generated in that location.

	Revenue		Non-current assets	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Singapore	872	856	34,032	34,395
Thailand	23,632	12,211	181,057	184,893
Vietnam	1,576	1,670	6,626	7,565
Lao People's Democratic Republic	2,296	1,503	3,741	4,825
People's Republic of China	–	–	49,710	51,943
	<b>28,376</b>	<b>16,240</b>	<b>275,166</b>	<b>283,621</b>

Non-current assets information presented above consists of property, plant and equipment, intangible assets, right-of-use asset, joint venture companies and investment in Xuzhou entities.

### *Information about major customers*

There was no concentration of revenue derived from any single customer for the years ended 31 December 2023 and 31 December 2022.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprised loans and borrowings and cash and short-term deposits which are used for the Group's operations. The Group has other financial assets and liabilities, such as, trade receivables and trade payables arising directly from its operations. It is not the Group's policy to engage in foreign exchange and/or derivatives speculation or trading.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, liquidity risk, credit risk and market risk. The Directors review and agree policies and procedures for managing these risks which are then executed by the management. The Audit Committee provides independent oversight to the effectiveness of the risk management process. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. The Group's approach in managing each of these risks so as to minimise any potential material adverse effects from the exposures is summarised below.

### *(a) Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposures to market risk of changes in interest rates relate primarily to its long-term debt obligations.

The Group manages its exposure to interest rate risk by sourcing for the most favourable interest rates without increasing its foreign currency exposure. It maintains an efficient and optimal interest cost structure by borrowing at both fixed and floating rates, as far as possible, to balance its exposure to interest rate volatility.

Surplus funds of the Group are mainly placed in fixed deposits of varying maturities and interest rate terms with reputable financial institutions to generate some returns.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The table below illustrates the effect of a change of 100 basis points in interest rate at the end of the reporting period on the Group's profit/(loss) before taxation assuming all other variables are held constant.

	<b>Group</b>	
	<b>Increase by 100bp Increase/(Decrease) \$'000</b>	<b>Decrease by 100bp Increase/(Decrease) \$'000</b>
<b>2023</b>		
<b>Profit before taxation</b>		
Fixed deposits	80	(80)
Loans and borrowings	(198)	198
	<b>(118)</b>	<b>118</b>
<b>2022</b>		
<b>Loss before taxation</b>		
Fixed deposits	(76)	76
Loans and borrowings	186	(186)
	<b>110</b>	<b>(110)</b>

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

**(b) Foreign currency risk**

As the Group's operations are significantly overseas, the Group's balance sheet is affected by fluctuations in the exchange rates of the various foreign currencies. The Group's sales and costs of sales are largely denominated in the respective functional currencies of the Group entities. Foreign currency exchange rate movements on sales and purchases, assets and liabilities which arise from daily operations are hedged naturally by a matching sale, purchase or a matching asset, liability of the same currency and amount. The Group also manages its exposure to foreign exchange risk by borrowing, whenever necessary, in the currency of the country where it operates, as far as possible.

In relation to the Group's overseas investments in foreign subsidiary companies whose net assets are exposed to currency translation risk, the differences arising from such translation are captured under the foreign currency translation reserve. As these overseas investments are long-term in nature, there is no fixed or pre-determinable pattern of repatriation. Therefore, the exposure to such risk which is dependent on the fluctuations in exchange rates of the various currencies of these overseas investments cannot be anticipated. However, these translation differences in the reserve are reviewed and monitored on a regular basis.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) *Foreign currency risk* (Continued)

The Group's financial assets and liabilities denominated in currencies other than the functional currencies of the Group entities were as follows:

	Group			
	Singapore Dollar \$'000	United States Dollar \$'000	Thai Baht \$'000	Others \$'000
<b>2023</b>				
<b>Financial assets</b>				
Cash and short-term deposits	–	1,094	954	66
Other receivables	–	–	–	91
<b>Financial liabilities</b>				
Trade payables	(20)	(103)	–	–
Other payables and accruals	(399)	(139)	(4)	(130)
Lease liability	–	(810)	–	–
Net financial (liabilities)/assets	<u>(419)</u>	<u>42</u>	<u>950</u>	<u>27</u>
<b>2022</b>				
<b>Financial asset</b>				
Cash and short-term deposits	–	673	247	186
<b>Financial liabilities</b>				
Other payables and accruals	(372)	(86)	(20)	(704)
Lease liability	–	(859)	–	–
Net financial (liabilities)/assets	<u>(372)</u>	<u>(272)</u>	<u>227</u>	<u>(518)</u>

#### Sensitivity analysis

It is estimated that the impact of a one percentage point strengthening or weakening in foreign currencies against the respective functional currencies of the Group entities, with all other variables held constant, would be immaterial to the Group's profit/(loss) before taxation.

### (c) *Liquidity risk*

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group actively manages its operating cash flows to ensure that it has sufficient funding for its working capital requirements. It also ensures the availability of funding through committed bank facilities for both standby lines as well as longer term project financing. In arranging for credit lines, the expected future revenue stream is closely monitored to time the maturity of the borrowings so as to ensure that repayment and refinancing can be met.

At the end of the reporting period, 59% (2022: 85%) of the Group's loans and borrowings will mature within one year based on the carrying amounts reflected in the financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The following table sets out the carrying amounts, by maturity, of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	2023				2022			
	Within 1 year \$'000	Over 1 to 5 years \$'000	Over 5 years \$'000	Total \$'000	Within 1 year \$'000	Over 1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
<b>Group</b>								
<b>Financial assets</b>								
Investment securities	14,010	–	1,809	15,819	13,664	–	4,033	17,697
Investment in Xuzhou entities	–	49,710	–	49,710	–	51,943	–	51,943
Trade and other receivables	1,441	–	–	1,441	1,477	–	–	1,477
Cash and short-term deposits	22,585	–	–	22,585	14,878	–	–	14,878
Total undiscounted financial assets	38,036	49,710	1,809	89,555	30,019	51,943	4,033	85,995
<b>Financial liabilities</b>								
Trade and other payables	7,545	–	–	7,545	7,121	–	–	7,121
Lease liability	163	569	550	1,282	167	587	657	1,411
Loans and borrowings	14,578	9,823	192	24,593	20,485	3,519	–	24,004
Total undiscounted financial liabilities	22,286	10,392	742	33,420	27,773	4,106	657	32,536
Total net undiscounted financial assets	15,750	39,318	1,067	56,135	2,246	47,837	3,376	53,459
<b>Company</b>								
<b>Financial assets</b>								
Other receivables	368	–	–	368	247	–	–	247
Amount due from a subsidiary company	901	–	–	901	–	–	–	–
Cash and short-term deposits	1,265	–	–	1,265	277	–	–	277
Total undiscounted financial assets	2,534	–	–	2,534	524	–	–	524
<b>Financial liabilities</b>								
Other payables and accruals	625	–	–	625	528	–	–	528
Amount due to a subsidiary company	–	–	15,465	15,465	–	–	15,465	15,465
Loans and borrowings	11,016	394	–	11,410	9,765	1,183	–	10,948
Total undiscounted financial liabilities	11,641	394	15,465	27,500	10,293	1,183	15,465	26,941
Total net undiscounted financial liabilities	(9,107)	(394)	(15,465)	(24,966)	(9,769)	(1,183)	(15,465)	(26,417)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (d) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to in-house credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset at the end of the reporting period with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating
- External credit rating
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- Actual or expected significant changes in the operating results of the borrower
- Significant increases in credit risk on other financial instruments of the same borrower
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- Significant changes in the payment status and behaviour of the borrower

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making contractual payment.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is a disappearance of an active market for that financial asset because of financial difficulty

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Group categorises a receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery. Where receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are credit risk management practices, quantitative and qualitative information on expected credit losses for each class of financial assets.

(i) Trade and other receivables at amortised cost

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade and other receivables. In measuring the expected credit losses, trade and other receivables are grouped based on days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts to reflect current and forward-looking macroeconomic data.

The Group had assessed that the lifetime expected credit loss of trade and other receivables as disclosed in Notes 14 and 15 is not significant.

(ii) Quoted debt securities at fair value through other comprehensive income

The Group uses three categories of internal credit risk ratings for this group of financial assets which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are determined through incorporating both qualitative and quantitative information that builds on information from external credit rating agencies, supplemented with information specific to the counterparty and other external information that could affect the counterparty's behaviour.

The Group computes the expected credit loss for this group of financial assets using the probability of default approach. In calculating the expected credit loss rates, the Group considers implied probability of default from external rating agencies where available and historical loss rates for each category of counterparty, and adjusts for forward-looking macroeconomic data.

A summary of the Group's internal grading category in the computation of the Group's expected credit loss model for these securities is as follows:

<b>Category</b>	<b>Definition of category</b>	<b>Basis for recognition of expected credit loss provision</b>
Grade I	Counterparty with low risk of default and a strong capacity to meet contractual cash flows.	12-month expected credit losses
Grade II	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime expected credit losses
Grade III	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime expected credit losses

There are no significant changes to estimation techniques or assumptions made during the reporting period.

As at 31 December 2023, the gross carrying amount of quoted debt securities was \$14,010,000 (2022: \$13,664,000). There is no loss allowance (2022: Nil) provided as the expected credit loss is not significant.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (d) *Credit risk* (Continued)

#### *Exposure to credit risk*

The Group has no significant exposure to credit risk at the end of the reporting period and the last financial year.

#### *Credit risk concentration profile*

The Group determines concentrations of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the end of the reporting period was as follows:

	Group			
	2023		2022	
	\$'000	% of total	\$'000	% of total
Hotel and serviced residence	607	100	715	100

There was no significant concentration of credit risk from any one single customer within the Group or the Company.

#### *Financial assets that are neither past due nor impaired*

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good payment record with the Group. Cash and short-term deposits and securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

#### *Financial assets that are either past due or impaired*

Information regarding financial assets that are either past due or impaired is disclosed in Notes 14 and 15.

### (e) *Market risk*

Market risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). As the Group holds investments in debt securities, the fair value of the investments will fluctuate because of changes in market prices. Assuming all other variables are held constant, a 2% increase or decrease in the quoted market prices at the end of the reporting period would result in a \$229,000 increase/decrease on the Group's other comprehensive income.

## 30. FAIR VALUE OF ASSETS AND LIABILITIES

The Group categorises fair value measurement using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurements that use inputs of different hierarchy levels are categorised in their entirety at the same level of the fair value hierarchy as the lowest input that is significant to the entire measurement.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

**(a) Assets and liabilities measured at fair values**

The following table shows an analysis of the Group's assets and liabilities measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1) \$'000	Significant other observable inputs (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	Total \$'000
<b>2023</b>				
<b>Group</b>				
<b>Non-financial asset</b>				
Property, plant and equipment (Note 9)	–	–	184,496	184,496
<b>Financial assets</b>				
Investment securities / Investment in Xuzhou entities (Note 12)				
– Unquoted equity securities	–	–	1,809	1,809
– Investment in XZYJLC	–	–	48,688	48,688
– Investment in XZRES	–	–	1,022	1,022
– Quoted debt securities	14,010	–	–	14,010
<b>2022</b>				
<b>Group</b>				
<b>Non-financial asset</b>				
Property, plant and equipment (Note 9)	–	–	189,039	189,039
<b>Financial assets</b>				
Investment securities / Investment in Xuzhou entities (Note 12)				
– Unquoted equity securities	–	–	4,033	4,033
– Investment in XZYJLC	–	–	50,627	50,627
– Investment in XZRES	–	–	1,316	1,316
– Quoted debt securities	13,664	–	–	13,664

**Fair value hierarchy**

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 30. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (a) *Assets and liabilities measured at fair values* (Continued)

#### *Level 3 fair value measurements*

#### (i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value \$'000	Valuation techniques	Unobservable inputs	Range
<b>Recurring fair value measurements</b>				
<b>2023</b>				
Investment in XZYJLC	<b>48,688</b>	Risk-adjusted present value of estimated share of liquidation proceeds	Liquidation discount on fair value of real estate assets held by XZYJLC	40%
			Time value discount rate	2.1%
Property, plant and equipment	<b>126,669</b>	Income approach	Discount rate	9.50% to 15.00% per annum
Property, plant and equipment	<b>57,827</b>	Market comparable approach	Yield adjustments based on management's assumptions*	+15.00% to -42.00% per annum
Unquoted equity securities	<b>1,809</b>	Market comparison technique	Adjusted market multiple	0.70 to 3.10 Price-to-book value ratio
<b>2022</b>				
Property, plant and equipment	130,567	Income approach	Discount rate	9.50% to 15.00% per annum
Property, plant and equipment	58,472	Market comparable approach	Yield adjustments based on management's assumptions*	+15.00% to -42.00% per annum
Unquoted equity securities	4,033	Market comparison technique	Adjusted market multiple	0.69 to 3.82 Price-to-book value ratio

\* The yield adjustments are made for any difference in the nature, location or condition of specific property.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The key assumptions used in fair value measurements are based on the relevant market conditions prevailing at the end of the reporting period.

For investment in XZYJLC, management had previously assessed in December 2022 that the Renminbi 292,800,000 consideration as set out in the equity transfer framework agreement to sell the Group's 55% equity interest in XZYJLC to the joint venture partner to be the best reasonable estimate of the fair value. Following the failure to complete the equity transfer agreement for the sale of its equity interest in XZYJLC, the Group had applied for the compulsory liquidation of XZYJLC. On 25 September 2023, the Group's application has been accepted by the court and XZYJLC has been placed into compulsory liquidation. Hence, in December 2023, management has assessed the risk-adjusted present value of the estimated share of liquidation proceeds expected by the Group upon the compulsory liquidation of the investee to be the best reasonable estimate of the fair value.

In assessing the fair value of the investment in XZRES, management had considered the Net Asset Value ("NAV") of the entity based on its latest available financial statements as at 31 December 2022. The NAV is primarily driven by the receivables from XZYJLC.

A significant decrease/(increase) in the liquidation discount rate would result in a significantly higher/(lower) fair value of the investment in XZYJLC. A 5% decrease/increase in the discount rate based on management's assumptions would result in a \$5,031,000 higher/lower fair value measurement of the investment in XZYJLC valued using risk-adjusted present value of the estimated share of liquidation proceeds.

A 1%/2% increase in the time value discount rate would result in a \$939,000 lower/\$1,853,000 lower fair value measurement of the investment in XZYJLC respectively, valued using risk-adjusted present value of the estimated share of liquidation proceeds.

The carrying amounts of property, plant and equipment does not differ materially from that which would be determined using fair value at the end of the reporting period.

A significant decrease/(increase) in the discount rate would result in a significantly higher/(lower) fair value of the property, plant and equipment. A 0.5% decrease/increase in the discount rate based on management's assumptions would result in a \$4,720,000 higher/\$4,648,000 lower fair value measurement of the property, plant and equipment valued using income approach.

A significant increase/(decrease) in the adjusted market multiple would result in a significantly higher/(lower) fair value of the unquoted equity securities. A 5% increase/decrease in the adjusted price multiple based on management's assumptions would result in a \$90,000 higher/lower fair value measurement of the unquoted equity securities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 30. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

### (a) *Assets and liabilities measured at fair values* (Continued)

#### *Level 3 fair value measurements* (Continued)

#### (ii) Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3):

	<b>Fair value measurements using significant unobservable inputs (Level 3) \$'000</b>
<b>Group</b>	
<b>Investment in XZYJLC</b>	
Balance at 1 January 2023	50,627
Currency realignment	<b>(1,939)</b>
Balance at 31 December 2023	<b>48,688</b>
Balance at 1 January 2022	55,527
Currency realignment	<b>(4,900)</b>
Balance at 31 December 2022	<b>50,627</b>
<b>Property, plant and equipment</b>	
Balance at 1 January 2023	<b>189,039</b>
Additions	<b>110</b>
Depreciation	<b>(1,832)</b>
Currency realignment	<b>(2,821)</b>
Balance at 31 December 2023	<b>184,496</b>
Balance at 1 January 2022	197,845
Additions	6
Depreciation	(2,107)
Surplus on revaluation	3,615
Currency realignment	<b>(10,320)</b>
Balance at 31 December 2022	<b>189,039</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Directors oversee the valuation process and are responsible for the Group's valuation policies and procedures.

For all significant valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage independent valuation specialists to perform the valuation. The Directors are responsible for selecting and engaging independent valuation specialists that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance.

For valuations performed by independent valuation specialists, the Directors review the appropriateness of the valuation methodologies and assumptions adopted. The Directors also evaluate the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

**(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value**

Management has determined that the carrying amounts of cash and short-term deposits, trade and other receivables, trade and other payables and amount due from a subsidiary company, based on their notional amounts, reasonably approximate their fair values because they are short-term in nature.

The carrying amounts of loans and borrowings and lease liability reflect the corresponding fair values because they are repriced to or approximate the market interest rates near the end of the reporting period.

The amount due to a subsidiary company is repayable only when the cash flow of the Company permits. Its carrying amount approximates its fair value as the difference between the fair value and carrying value is not significant.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 31. CLASSIFICATION OF ASSETS AND LIABILITIES

	Assets at amortised cost \$'000	Fair value through other comprehensive income \$'000	Non-financial assets \$'000	Total \$'000
<b>2023</b>				
<b>Group</b>				
<b>Assets</b>				
<b>Non-current</b>				
Property, plant and equipment	–	–	190,842	190,842
Intangible assets	–	–	28	28
Right-of-use asset	–	–	637	637
Investment securities	–	1,809	–	1,809
Deferred tax assets	–	–	2,079	2,079
Investment in Xuzhou entities	–	49,710	–	49,710
<b>Current</b>				
Investment securities	–	14,010	–	14,010
Inventories	–	–	134	134
Trade and other receivables	1,441	–	–	1,441
Prepayments	–	–	196	196
Cash and short-term deposits	22,585	–	–	22,585
	<b>24,026</b>	<b>65,529</b>	<b>193,916</b>	<b>283,471</b>
		<b>Liabilities at amortised cost \$'000</b>	<b>Non-financial liabilities \$'000</b>	<b>Total \$'000</b>
<b>2023</b>				
<b>Group</b>				
<b>Liabilities</b>				
<b>Current</b>				
Trade and other payables		7,545	–	7,545
Provision for taxation		–	296	296
Lease liability		37	–	37
Loans and borrowings		13,617	–	13,617
<b>Non-current</b>				
Lease liability		773	–	773
Loans and borrowings		9,322	–	9,322
Deferred tax liabilities		–	24,361	24,361
		<b>31,294</b>	<b>24,657</b>	<b>55,951</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Assets at amortised cost \$'000	Fair value through other comprehensive income \$'000	Non-financial assets \$'000	Total \$'000
<b>2022</b>				
<b>Group</b>				
<b>Assets</b>				
<b>Non-current</b>				
Property, plant and equipment	–	–	196,626	196,626
Intangible assets	–	–	31	31
Right-of-use asset	–	–	709	709
Investment securities	–	4,033	–	4,033
Deferred tax assets	–	–	249	249
Investment in Xuzhou entities	–	51,943	–	51,943
<b>Current</b>				
Investment securities	–	13,664	–	13,664
Inventories	–	–	224	224
Trade and other receivables	1,477	–	–	1,477
Prepayments	–	–	150	150
Cash and short-term deposits	14,878	–	–	14,878
	<u>16,355</u>	<u>69,640</u>	<u>197,989</u>	<u>283,984</u>
		<b>Liabilities at amortised cost \$'000</b>	<b>Non-financial liabilities \$'000</b>	<b>Total \$'000</b>
<b>2022</b>				
<b>Group</b>				
<b>Liabilities</b>				
<b>Current</b>				
Trade and other payables		7,121	–	7,121
Provision for taxation		–	75	75
Lease liability		33	–	33
Loans and borrowings		20,007	–	20,007
<b>Non-current</b>				
Lease liability		826	–	826
Loans and borrowings		3,432	–	3,432
Deferred tax liabilities		–	24,454	24,454
		<u>31,419</u>	<u>24,529</u>	<u>55,948</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 31. CLASSIFICATION OF ASSETS AND LIABILITIES (CONTINUED)

	Assets at amortised cost \$'000	Non-financial asset \$'000	Total \$'000
<b>2023</b>			
<b>Company</b>			
<b>Assets</b>			
<b>Current</b>			
Other receivables	368	–	368
Prepayments	–	4	4
Amount due from a subsidiary company	901	–	901
Cash and short-term deposits	1,265	–	1,265
	<b>2,534</b>	<b>4</b>	<b>2,538</b>
	<b>Liabilities at amortised cost \$'000</b>	<b>Non-financial liability \$'000</b>	<b>Total \$'000</b>
<b>2023</b>			
<b>Company</b>			
<b>Liabilities</b>			
<b>Current</b>			
Other payables and accruals	625	–	625
Provision for taxation	–	18	18
Loans and borrowings	10,419	–	10,419
<b>Non-current</b>			
Amount due to a subsidiary company	15,465	–	15,465
Loans and borrowings	392	–	392
	<b>26,901</b>	<b>18</b>	<b>26,919</b>



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## 32. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains an appropriate capital structure in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, obtain new borrowings or sell assets to reduce borrowings. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

As disclosed in Note 22, two (2022: two) foreign subsidiary companies of the Group are required to maintain a non-distributable statutory reserve by setting aside at least 5% of their profits arising from its operations at each distribution of dividend until the amount accumulated in the reserve is not less than 10% of its registered capital. This externally imposed capital requirement has been complied with by the said subsidiary companies for the financial years ended 31 December 2023 and 31 December 2022.

The Group will continue to be guided by prudent financial policies of which gearing is an important aspect. The Group's policy is to maintain a gearing ratio of not more than 0.75 times. Gearing ratio is calculated using net debt divided by total equity. Net debt includes loans and borrowings and lease liability less fixed deposits and cash and bank balances.

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
Loans and borrowings (Note 19)	<b>22,939</b>	23,439
Lease liability (Note 24)	<b>810</b>	859
Less: Fixed deposits (Note 23)	<b>(7,967)</b>	(7,552)
Less: Cash and bank balances (Note 23)	<b>(14,618)</b>	(7,326)
Net debt	<b>1,164</b>	9,420
Total equity	<b>261,469</b>	262,348
Gearing ratio (times)	<b>0.004</b>	0.036

## 33. EVENT AFTER THE REPORTING PERIOD

On 10 January 2024, the Group entered into a shares sale and purchase agreement to sell its entire equity stake in a wholly-owned subsidiary company that owns freehold land in Phuket, Thailand. Concurrently, the Group had also entered into an asset sale and purchase agreement to sell its properties, held by another subsidiary company, that are adjacent to the aforementioned freehold land in Phuket, Thailand. The aggregate consideration, subject to adjustments at completion, is approximately Thai Baht 1,600,000,000 (or \$61,600,000) for the proposed disposals. As at the end of the reporting period, the estimated loss on disposal is approximately \$5,597,000. The estimated loss on disposal may be subject to changes and fluctuations in exchange rate up to the date of completion. The Group's decision for the sale is because the disposal proceeds would strengthen the Group's cash flow for its general working capital purposes. The completion of the sales is subject to the satisfaction of the conditions stated in the agreements and is expected to complete within 8 months from the date of the agreements.

## 34. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Directors on 28 March 2024.

# STATISTICS OF SHAREHOLDINGS

AS AT 1 APRIL 2024

Number of issued and fully paid up shares of the Company (the "Shares")	:	1,055,639,464 (with voting rights)
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% <sup>(1)</sup>	No. of Shares	% <sup>(1)</sup>
1 – 99	333	4.34	14,437	0.00
100 – 1,000	1,266	16.50	723,168	0.07
1,001 – 10,000	3,538	46.11	15,793,021	1.50
10,001 – 1,000,000	2,504	32.63	116,104,045	11.00
1,000,001 and above	32	0.42	923,004,793	87.43
<b>TOTAL</b>	<b>7,673</b>	<b>100.00</b>	<b>1,055,639,464</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

as shown in the Register of Members and Depository Register

Name	No. of Shares	% <sup>(1)</sup>
1 ASPIAL CORPORATION LTD	340,691,785	32.27
2 CITIBANK NOMINEES SINGAPORE PTE LTD	328,026,449	31.07
3 RHB BANK NOMINEES PTE LTD	100,000,000	9.47
4 TAN SU LAN @ TAN SOO LUNG	41,762,107	3.96
5 DBS NOMINEES (PRIVATE) LIMITED	19,832,066	1.88
6 UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	17,017,430	1.61
7 MORPH INVESTMENTS LTD	13,070,000	1.24
8 PHILLIP SECURITIES PTE LTD	8,363,827	0.79
9 OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,476,525	0.52
10 FRAGRANCE GROUP LIMITED	4,307,851	0.41
11 TU JU CHEN	3,820,046	0.36
12 HSBC (SINGAPORE) NOMINEES PTE LTD	3,431,731	0.33
13 MAYBANK SECURITIES PTE. LTD.	3,092,273	0.29
14 KOH WEE SENG	2,949,075	0.28
15 CGS INTERNATIONAL SECURITIES SINGAPORE PTE. LTD.	2,858,310	0.27
16 QUEK SIEW SUA	2,409,000	0.23
17 RAFFLES NOMINEES (PTE.) LIMITED	2,332,487	0.22
18 KOR BENG SHIEN	2,168,000	0.21
19 TAM KWOK WING	2,000,000	0.19
20 CHOI MONG PING	1,990,000	0.19
<b>TOTAL</b>	<b>905,598,962</b>	<b>85.79</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 1 APRIL 2024

## SUBSTANTIAL SHAREHOLDERS (INCLUDING DEEMED INTERESTS) as shown in the Register of Substantial Shareholders

Name	No. of Shares	% <sup>(1)</sup>
1 Aspial Corporation Limited (" <b>Aspial</b> ")	440,691,785	41.75
2 MLHS Holdings Pte Ltd (" <b>MLHS</b> ")	440,691,785 <sup>(2)</sup>	41.75
3 Koh Wee Seng	450,486,440 <sup>(2)(3)</sup>	42.68
4 Ko Lee Meng	445,453,065 <sup>(2)</sup>	42.20
5 Koh Lee Hwee	440,873,785 <sup>(2)</sup>	41.76
6 Koh Wee Meng	330,572,851 <sup>(4)</sup>	31.31

Based on information available to the Company as at 1 April 2024, approximately 21.05% of the issued ordinary shares of the Company is held by the public and, therefore, Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited is complied with.

### Notes:

- (1) Based on 1,055,639,464 Shares.
- (2) MLHS holds more than 50% of the issued shares of Aspial and is deemed to have an interest in the Shares in which Aspial has an interest. Koh Wee Seng, Ko Lee Meng and Koh Lee Hwee each holds not less than 20% of the issued shares of MLHS and are deemed to have an interest in the Shares in which MLHS has an interest.
- (3) Koh Wee Seng is deemed interested in the 440,691,785 Shares held by Aspial and 1,165,580 Shares held by his spouse.
- (4) Koh Wee Meng is deemed interested in the 4,307,851 Shares held by Fragrance Group Limited ("**FGL**") by virtue of him holding more than 50% shareholdings in FGL pursuant to Section 7 of the Singapore Companies Act 1967.



# NOTICE OF ANNUAL GENERAL MEETING

## AF GLOBAL LIMITED

Company Registration Number: 197301118N  
(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the **51st Annual General Meeting ("AGM")** of AF Global Limited (the "**Company**") will be convened and held at Aspial One 55 Ubi Avenue 3 Level 1 Singapore 408864 on **Monday, 29 April 2024 at 10.00 a.m.** for the purpose of transacting the following business:

### AS ROUTINE BUSINESS:

- To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2023, the Directors' statement and the external Auditor's report thereon.

**(Ordinary Resolution 1)**

- To approve the payment of Directors' fees of S\$207,784 for the financial year ended 31 December 2023 (FY2022: S\$217,000).

**(Ordinary Resolution 2)**

- To re-elect the following Directors of the Company, each of whom will retire by rotation pursuant to Regulation 89 of the Constitution of the Company and Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and who, being eligible, offer themselves for re-election:

(a) Mr Periakaruppan Aravindan

**(Ordinary Resolution 3(a))**

(b) Mr Yeo Wee Kiong

**(Ordinary Resolution 3(b))**

*Mr Periakaruppan Aravindan will, upon re-election as a Director of the Company, remain as a Non-Independent Non-Executive Director, a Member of the Audit Committee and Remuneration Committee and will not be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.*

*Mr Yeo Wee Kiong will, upon re-election as a Director, remain as a Director of the Company, remain as an Independent Non-Executive Director and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.  
(See Explanatory Note 1)*

- To re-elect Ms Pan Pei Say, a Director of the Company who will retire pursuant to Regulation 88 of the Constitution of the Company and who, being eligible, offer herself for re-election:

**(Ordinary Resolution 4)**

*Ms Pan Pei Say will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director, Chairman of the Nominating Committee and a Member of the Audit Committee and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.  
(See Explanatory Note 1)*

- To re-appoint Messrs Ernst & Young LLP as the external Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.

**(Ordinary Resolution 5)**

# NOTICE OF ANNUAL GENERAL MEETING

## AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without modifications:

### 6. Authority to allot and issue new Shares and/or Instruments

“That pursuant to Section 161 of the Singapore Companies Act 1967 (the “**Act**”), the Constitution of the Company and the Listing Manual of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”), authority be and is hereby given to the Directors of the Company to:

- (a) (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively “**Instruments**” and each, an “**Instrument**”) that might or would require Shares to be allotted and issued, including but not limited to the creation, allotment and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may, in their absolute discretion, deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) allot and issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution was in force,

#### PROVIDED ALWAYS THAT:

- (A) the aggregate number of Shares to be allotted and issued pursuant to this Resolution (including Shares to be allotted and issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (B) below), of which the aggregate number of Shares to be allotted and issued other than on a *pro rata* basis to shareholders of the Company (including Shares to be allotted and issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (B) below);
- (B) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be allotted and issued under sub-paragraph (A) above, the percentage of the total number of issued Shares (excluding treasury shares and subsidiary holdings) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:
  - (I) new Shares arising from the conversion or exercise of any convertible securities;
  - (II) new Shares arising from exercising shares options or vesting of share awards; and
  - (III) any subsequent bonus issue, consolidation or subdivision of Shares;
- (C) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Act, and otherwise the Constitution of the Company; and

# NOTICE OF ANNUAL GENERAL MEETING

- (D) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

**(Ordinary Resolution 6)**

(See Explanatory Note 2)

## 7. Approval for the renewal of the Share Purchase Mandate

"That:

- (a) for the purposes of Sections 76C and 76E of the Singapore Companies Act 1967 (the "**Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or acquire issued and fully paid-up ordinary shares of the Company (each, an "**Ordinary Share**" and collectively, the "**Ordinary Shares**") not exceeding in aggregate the Prescribed Limit (as defined below), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as defined below), whether by way of:

- (i) on-market purchases on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on which the Ordinary Shares may for the time being be listed and quoted ("**On-Market Share Purchases**"); and/or
- (ii) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors of the Company as they may consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act ("**Off-Market Share Purchases**"),

and otherwise in accordance with all other laws and regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

- (b) the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring:

- (i) the date on which the next annual general meeting of the Company is held or required by law to be held;
- (ii) the date on which the purchases or acquisitions of Ordinary Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; or
- (iii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Shareholders in a general meeting,

whichever is earliest.

- (c) in this Resolution:

"**Prescribed Limit**" means the number of Ordinary Shares representing not more than 10% of the total number of Ordinary Shares as at the date of the passing of this Resolution excluding treasury shares and subsidiary holdings in the capital of the Company as at that date; and

"**Maximum Price**" in relation to an Ordinary Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) not exceeding:

- (i) in the case of an On-Market Share Purchase, 105% of the Average Closing Price of the Ordinary Share; and
- (ii) in the case of an Off-Market Share Purchase, 120% of the Average Closing Price of the Ordinary Share;

# NOTICE OF ANNUAL GENERAL MEETING

“**Average Closing Price**” means the average of the closing market prices of an Ordinary Share over the last five (5) Market Days (being a day on which the SGX-ST is open for securities trading) on which the Ordinary Shares are transacted on the SGX-ST immediately preceding the date of the On-Market Share Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Share Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

“**date of the making of the offer**” means the date on which the Company makes an offer for the purchase or acquisition of the Ordinary Shares from holders of Ordinary Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (d) the Directors of the Company and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.”

**(Ordinary Resolution 7)**

*(See Explanatory Note 3)*

## 8. Authority to issue shares under the AF Global Limited Scrip Dividend Scheme

“That pursuant to Section 161 of the Singapore Companies Act 1967 (the “**Act**”), the Constitution of the Company and the Listing Manual of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the Directors of the Company to:

- (a) allot and issue from time to time such number of ordinary shares in the capital of the Company (“**Shares**”) (including but not limited to Shares held in treasury) as may be required to be allotted and issued pursuant to the AF Global Limited Scrip Dividend Scheme pursuant to Section 161 of the Act; and
- (b) to complete and do all acts and things (including executing such documents as may be required in connection with the AF Global Limited Scrip Dividend Scheme) as they may consider desirable, necessary or expedient to give full effect to this Resolution and the AF Global Limited Scrip Dividend Scheme.”

**(Ordinary Resolution 8)**

*(See Explanatory Note 4)*

## 9. Any other business

To transact any other business which may properly be transacted at an AGM of the Company.

## BY ORDER OF THE BOARD

### LIM SWEE ANN

Company Secretary

Singapore  
12 April 2024

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes to the Ordinary Resolutions:

1. Detailed information on these Directors can be found under the sections entitled 'Board of Directors' and 'Corporate Governance' in the Company's Annual Report for the financial year ended 31 December 2023 ("**Annual Report 2023**").
2. The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower the Directors of the Company from the date of the passing of Ordinary Resolution 6 until the date of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier, to allot and issue Shares, make or grant Instrument convertible into Shares and to allot and issue Shares pursuant to such Instruments. The aggregate number of Shares (including Shares to be allotted and issued in pursuance of the Instruments made or granted pursuant to Ordinary Resolution 6) shall not exceed fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date of the passing of Ordinary Resolution 6. For the allotment and issue of Shares other than on a *pro rata* basis to shareholders of the Company, the aggregate number of Shares (including Shares to be allotted and issued in pursuance of the Instruments made or granted pursuant to Ordinary Resolution 6) shall not exceed twenty per centum (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company as at the date of the passing of Ordinary Resolution 6. The authority conferred by Ordinary Resolution 6 will, unless varied or revoked by the Company in general meeting, continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier. For determining the aggregate number of Shares that may be allotted and issued, the percentage of the total number of issued shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for (i) new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards; and (ii) any subsequent bonus issue, consolidation or subdivision of Shares.
3. The Ordinary Resolution 7 proposed in item 7 above relates to the renewal of the Share Purchase Mandate. Please refer to the Appendix to the Notice of AGM dated 12 April 2024 for further details.
4. The Ordinary Resolution 8 proposed in item 8 above, if passed, will provide the Directors, from the date of the AGM, the authority to issue Shares (including but not limited to Shares held in treasury) pursuant to the AF Global Limited Scrip Dividend Scheme to members who, in respect of a qualifying dividend, have elected to receive scrip in lieu of all or part of the cash amount of that qualifying dividend. Shares issued pursuant to the AF Global Limited Scrip Dividend Scheme will not be subject to the limits on the aggregate number of Shares that may be issued pursuant to the share issue mandate being sought under Ordinary Resolution 6 proposed in item 6 above.

## Notes to Notice of AGM:

1. The members of the Company are invited to attend the 51st Annual General Meeting ("**AGM**") physically in person. There will be no option for members to participate virtually. This Notice will be sent to members by electronic means via publication on the Company's website at the URL <https://www.afgl.com.sg> under "Annual Report 2023" and is also made available on SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
2. Members (including Central Provident Fund Investment Scheme investors ("**CPFIS Investors**") and/or Supplementary Retirement Scheme investors ("**SRS Investors**")) may participate in the AGM by:
  - (a) attending the AGM in person;
  - (b) voting at the AGM
    - (i) themselves personally; or
    - (ii) through their duly appointed proxy(ies).

CPFIS Investors and SRS Investors who wish to appoint the Chairman of the AGM (and not third-party proxy(ies)) as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 18 April 2024, being seven (7) working days prior to the date of the AGM.

Please bring along your NRIC/passport so as to enable the Company to verify your identity. Members are requested to arrive early to facilitate the registration process and are advised not to attend the AGM if they are feeling unwell. Members are strongly encouraged to exercise social responsibility to rest at home and consider appointing a proxy(ies) to attend the AGM. We encourage members to mask up when attending the AGM.

3. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote on his/her/its behalf at the AGM. A member of the Company which is a corporation is entitled to appoint its authorised representative or proxy to vote on its behalf. A proxy need not be a member of the Company.

Where such member appoints two (2) proxies, the proportion of his shareholding to be represented by each proxy shall be specified. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire number of shares entered against his name in the Depository Register and any second named proxy as an alternate to the first named.

# NOTICE OF ANNUAL GENERAL MEETING

4. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

“Relevant intermediary” has the meaning ascribed to it in Section 181 of the Singapore Companies Act 1967.

5. A member can appoint the Chairman of the AGM as his/her/its proxy but this is not mandatory.

If a member wishes to appoint the Chairman of the AGM as proxy, such member (whether individual or corporate) must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the AGM as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

6. The Chairman of the AGM, as proxy, need not be a member of the Company.

7. The instrument appointing a proxy or proxies, duly executed, must be submitted to the Company in the following manner:

- (a) if submitted by post, be lodged at the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at **1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632**; or
- (b) if submitted electronically, be submitted via email to [AFGlobalAGM@afgl.com.sg](mailto:AFGlobalAGM@afgl.com.sg),

in either case, by **10.00 a.m. on 26 April 2024** (being not less than seventy-two (72) hours before the time appointed for holding the AGM).

A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

8. The Annual Report 2023, the Notice of AGM dated 12 April 2024, the Appendix to the Notice of AGM (in relation to the proposed renewal of the share purchase mandate) and the Proxy Form have been published on the SGX’s website at the URL <https://www.sgx.com/securities/company-announcements> or may be accessed on our corporate website at the URL <https://www.afgl.com.sg> as follows:

- (a) the Annual Report 2023 may be accessed by clicking on “**Annual Report 2023**”; and
- (b) the Notice of AGM, the Appendix to the Notice of AGM and the Proxy Form may be accessed by clicking on “**AGM Documents**”.

9. Submission of Questions in Advance

Members may submit their questions in relation to the resolutions of the AGM in advance by:

- (a) email to: [AFGlobalAGM@afgl.com.sg](mailto:AFGlobalAGM@afgl.com.sg); or
- (b) post to the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

All questions must be submitted within 7 calendar days from the date of this Notice of AGM, i.e. by **6.00 p.m. on 19 April 2024**.

The Company will endeavor to address questions which are substantial and relevant that are received from members who are verifiable against the Depository Register or the Register of Members. The Company’s responses to members’ questions will be posted on the SGXNet not later than 48 hours before the closing date and time for the lodgement of the Proxy Forms, i.e. by **24 April 2024**.

Verified members and proxy(ies) attending the AGM will be able to ask questions in person at the AGM venue. The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGXNet and the Company’s website. The minutes of AGM will include the responses to the questions which are substantial and relevant.

# NOTICE OF ANNUAL GENERAL MEETING

## Personal data privacy:

“Personal data” has the same meaning ascribed to it in the Personal Data Protection Act 2012 of Singapore, which includes name, address, NRIC/passport number of a Member and proxy(ies) and/or representative(s) of a Member.

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, or submitting any question prior to the AGM in accordance with the Notice of AGM, a Member of the Company (i) consents to the collection, use and disclosure of the Member’s personal data by the Company (or its agents, or service providers) for the purposes of (a) processing and administration and analysis by the Company (or its agents, or service providers) of Proxy Forms/instruments appointing proxy(ies) and/or representative(s) for the AGM of the Company (including any adjournment thereof); (b) addressing substantial and relevant questions received from Members relating to the resolutions set out in the Notice of AGM before the AGM and if necessary, following up with the relevant Members in relation to such questions; (c) preparation and compilation of the attendance lists, proxy lists, minutes (including questions and answers) and other documents relating to the AGM (including any adjournment thereof); and (d) in order for the Company (or its agents, or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines by the relevant authorities (collectively, the “Purposes”); (ii) warrants that where the Member discloses the personal data of the Member’s proxy(ies) and/or representative(s) to the Company (or its agents or, service providers), the Member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or, service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees to indemnify the Company in respect of any penalties, liabilities, claims, losses and damages as a result of the Member’s breach of warranty.

Photographic, sound and/or video recordings at the AGM of the Company may be made by the Company for record keeping to ensure the accuracy of the minutes prepared of the AGM of the Company. Accordingly, the personal data of a Member may be recorded by the Company (or its agents or service providers) for such Purposes. In the case of a Member who is a Relevant Intermediary, by submitting the consolidated list of participants, such Member represents and warrants that it has obtained the prior consent of the individuals for the collection, use and disclosure by the Company (or its agents or, service providers) of the personal data of such individuals by the Company (or its agents or, service providers) for any of the Purposes.

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# Proxy Form for 51st Annual General Meeting AF Global Limited

Company Registration Number 197301118N  
(Incorporated in the Republic of Singapore)

## IMPORTANT NOTICE:

- A relevant intermediary may appoint more than two (2) proxies to attend the Annual General Meeting and vote (please see Note 3 for the definition of "Relevant Intermediary").
- For investors who have used their Central Provident Fund ("CPF") monies ("CPF Investors") or monies in the Supplementary Retirement Scheme ("SRS") accounts ("SRS Investors") who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes, at least seven (7) working days before the time appointed for the holding of the AGM (i.e. by 5.00 p.m. on 18 April 2024).
- By submitting this proxy form appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2024.

Please read the notes overleaf which contain instructions on, *inter alia*, the appointment of the Chairman of the AGM as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

I/We \_\_\_\_\_ NRIC/Passport/  
\_\_\_\_\_ Company Registration Number \_\_\_\_\_

of \_\_\_\_\_  
being a member/members of AF Global Limited (the "Company"), hereby appoint

Name	NRIC/Passport No.	Address	Proportion of shareholding	
			No. of Shares	%

and/or (delete as appropriate)

Name	NRIC/Passport No.	Address	Proportion of shareholding	
			No. of Shares	%

or failing the person, or either or both of the persons, referred to above, the Chairman of the AGM as \*my/our proxy to attend and vote for \*me/us on \*my/our behalf at the AGM of the Company to be convened and held at Aspial One, 55 Ubi Avenue 3 Level 1 Singapore 408864 on **Monday, 29 April 2024, at 10.00 a.m.** and at any adjournment thereof.

\*Delete where inapplicable

*(Voting will be conducted by poll. If you wish the Chairman of the AGM as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box in respect of that resolution. If you wish the Chairman of the AGM as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares that the Chairman of the AGM as your proxy is directed to abstain from voting in the "Abstain" box in respect of that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.)*

Ordinary Resolutions		Number of Votes For	Number of Votes Against	Number of Votes Abstain
1.	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2023, the Directors' statement and the external Auditor's report thereon			
2.	To approve the payment of Directors' fees of S\$207,784 for the financial year ended 31 December 2023			
3(a).	To re-elect Mr. Periakaruppan Aravindan who retires as a Director of the Company by rotation pursuant to Regulation 89 of the Constitution of the Company and Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited			
3(b).	To re-elect Mr. Yeo Wee Kiong who retires as a Director of the Company by rotation pursuant to Regulation 89 of the Constitution of the Company and Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited			
4.	To re-elect Ms. Pan Pei Say who retires as a Director of the Company pursuant to Regulation 88 of the Constitution of the Company			
5.	To re-appoint Messrs Ernst & Young LLP as the external Auditors of the Company and to authorise the Directors of the Company to fix their remuneration			
6.	To approve the authority to allot and issue new Shares and/or Instruments			
7.	To approve the renewal of the Share Purchase Mandate			
8.	To grant the Directors the authority to issue shares under the AF Global Limited Scrip Dividend Scheme.			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

Total Number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

\_\_\_\_\_  
Signature(s) of Member(s) or  
Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ THE NOTES BELOW BEFORE COMPLETING THIS PROXY FORM**



**Notes:**

1. A member of the Company should insert the total number of shares held. If the member has shares entered against his/her/its name in the Depository Register (as defined in Section 81SF of the Singapore Securities and Futures Act 2001), he/she/it should insert that number of shares. If the member has shares registered in his/her/its name in the Register of Members (maintained by or on behalf of the Company), he/she/it should insert that number of shares. If the member has shares entered against his/her/its name in the Depository Register and shares registered in his/her/its name in the Register of Members, he/she/it should insert the aggregate number of shares entered against his/her/its name in the Depository Register and registered in his/her/its name in the Register of Members. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
2. This proxy form may be accessed at the Company's corporate website at the URL <https://www.afgl.com.sg>, and will also be made available on the SGX's website at the URL <https://www.sgx.com/securities/company-announcements>.

Where a member (whether individual or corporate) appoints the Chairman of the AGM as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

CPF Investors or SRS Investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes, at least seven (7) working days before the time appointed for the holding of the AGM (i.e. by 5.00 p.m. on 18 April 2024).

3. The Chairman of the AGM, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:
  - (a) if submitted by post, be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at **1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632**; or
  - (b) if submitted electronically, be submitted via email to the Company at the email: [AFGlobalAGM@afgl.com.sg](mailto:AFGlobalAGM@afgl.com.sg),
  - (c) in either case, by **10.00 a.m. on 26 April 2024** (being not less than seventy-two (72) hours before the time for holding the AGM).

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

5. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or of his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing the Chairman of the AGM is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which; the instrument may be treated as invalid.
6. The Company shall be entitled to reject the instrument appointing the Chairman of the AGM as proxy if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the AGM as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

**PERSONAL DATA PRIVACY:**

By submitting this Proxy Form appointing the Chairman of the AGM as proxy to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 12 April 2024.





**AF GLOBAL LIMITED**

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