



ANNUAL REPORT 2020



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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 2020 ("**FY2020**").

The coronavirus ("**COVID-19**") pandemic is an unprecedented event that started in early 2020 and had impacted countries and economies worldwide. The aviation and hospitality sectors are undoubtedly the hardest-hit sectors of every economy, especially with the strict and prolonged lockdown and travel and border restrictions measures imposed in almost every country. Global economic output shrank by 5.4% in 2020, just shy of the advance estimates of 5.8%. Global growth is projected to moderate to 3.8% in 2022, weighed down by the pandemic's lasting damage to potential growth.

For 2020, the Singapore economy contracted by 5.4%, a reversal from the 1.3% growth recorded in 2019 whilst maintaining its growth forecast for 2021 at 4% to 6%. Domestically, the Ministry of Trade and Industry said Singapore's COVID-19 situation remains under control and its vaccination programme is robustly underway. The pace of border re-openings has, however, slowed amid the global surge in COVID-19 cases and the emergence of more contagious COVID-19 strains. Against this external and domestic backdrop, the Singapore economy is expected to see a gradual recovery over the course of the year, with the pace remaining uneven across sectors.

## HOTEL

In FY2020, our business in Holiday Inn Resort Phuket ("**HIRP**") was severely affected by the widespread international travel restrictions due to the COVID-19 pandemic. We have been quick to respond by taking painful but necessary measures to proactively contain costs and conserve cashflows. These include the closing of rooms and amenities by floors, operating with minimum manning levels, putting staff on furlough, freezing



all discretionary expenses, and suspending all non-essential capital expenditure, as well as the temporary closure of HIRP from 2 April 2020 to 28 August 2020, when the Thai authorities imposed a mandatory closure of all hotels in Phuket on 2 April 2020.

## SERVICED RESIDENCE

Both our Group's serviced residences remained relatively stable.

Cityview Apartments and Commercial Centre in Ho Chi Minh City, Vietnam, and Somerset Vientiane in Vientiane, Laos, had consistently lower but relatively stable occupancies in FY2020.

We are monitoring the impact of COVID-19 on the serviced residences and are putting in place cost-saving measures in phases as the situation in each geographical location develops.



# CHAIRMAN'S STATEMENT



## PROPERTY DEVELOPMENT GULOU SQUARE

The Group had on 12 November 2020 announced that the disposal of our entire shareholdings in the joint venture company did not take place because the local joint venture partner had failed to procure financing for the Aggregate Consideration as per the Conditions Precedent. It was also announced that the longstop date had expired and no further extension of time was agreed to by the parties to the Agreement. However, discussions with the local joint venture partner on the Proposed Disposal are still ongoing.

Meanwhile, the Group is seeking legal advice from its legal advisors and will, in consultation with its legal advisors, determine the means to enforce our legal rights per the Agreement and take such steps as necessary in the best interest of the Group.

We will update shareholders through further announcements as and when there are any further material developments.

## REAL ESTATE CONSULTANCY

In Singapore, even though transaction volume and prices of prime commercial and industrial sectors were slow in 2020, with the economy expected to rebound in 2021, the real estate market is expected to record growth in 2021 amidst the low-interest rate environment.

For the private residential market, prices defied recessionary pressure and rose 2.2% in 2020. The residential sector is expected to perform reasonably well in 2021.

## CORPORATE INFORMATION

On the corporate front, Fragrance Group Limited ("**Fragrance**") ceased to be a substantial shareholder of the Company on 17 March 2020, upon the completion of the distribution in specie of substantially all of the 440,691,784 shares in the capital of the Company to the shareholders of Fragrance.

## LOOKING AHEAD

In light of the constantly evolving COVID-19 pandemic situation, recovery will be uneven across different countries, whilst the development and rollout of multiple vaccines in historic time has increased the odds that 2021 will be an improvement over in 2020, we do not foresee a return to normalcy in the near term.

While the immediate focus of the management team is to improve the operations and financial performance of the portfolio, we will continue to explore and evaluate acquisitions opportunities that are yield-accretive, strengthen the Group's business fundamentals and enhance its growth prospects. At the same time, the Group will also continue to evaluate opportunities to re-constitute its portfolio, including the divestment of certain properties, to optimise the returns for the Group.

## 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 continued strong contributions in the upcoming financial year. Lastly, my heartfelt appreciation goes to our shareholders for their unwavering faith and support in us. We aim to continue to exceed your expectations and further the growth of our Group.

## KOH WEE SENG

*Non-Executive Chairman*

25 March 2021

## HOTEL

### HOLIDAY INN RESORT PHUKET



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 Villa's meld heritage-inspired décor but with Modern Thai elegance. The resort is well-known for its excellent breakfast buffet and great value cuisine in its 4 restaurants. The resort has also emerged as the winner of Best Phuket Burger in Phuket Award 2020. 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 5 consecutive years from 2015 to 2019.



Holiday Inn Resort Phuket

## HOTEL

### PHUKET RAWAI BEACH RESORT (Under Development)

Sitting where the former Evason Phuket Resort and Six Senses Spa used to be, the 180,000 square metre site will be redeveloped to house a five-star luxury beach resort. Guests will be able to enjoy breath-taking views of the glittering Andaman Sea from the hotel and the private use of an exclusive beach at Bon Island a 10-minute boat ride away. 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 property 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.



Phuket Rawai Beach Resort

## 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 Northern Jiangsu as well as the most ancient city of the province in China.

Gulou Square is one of the landmark projects in the mature district of Gulou. It is a mixed-use development project with a built-up area of approximately 385,000 square metres. This development project comprises a residential development and a commercial zone. The location of Gulou Square is unparalleled as it is literally right beside the Xuzhou MRT Line 2, Jiu Long Hu Station (九龙湖站). The completion of the Line 2 would enhance the accessibility to the project and add premium to both the residential and commercial development 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. To-date we had sold 1,200 units or about 99.5% of the apartments.

The commercial zone lies adjacent to the residential development and occupies a land area of 23,400 square metres. It 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 for a dynamic "retailtainment" experience.



Gulou Square

## SERVICED RESIDENCE

### CITYVIEW & SOMERSET VIENTIANE



Cityview Apartments and Commercial Centre

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 twelve storey main building and a six 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.

The 116-room Somerset Vientiane is strategically located within major commercial, diplomatic and shopping areas in the new business and residential Sikhottabong District. It is also a 5 minutes drive from the river-fronting Chanthabouli Business District and Wattay International Airport. In addition, being close to educational establishments such as the Vientiane International School, Australian International School, it is well suited for families.



Somerset Vientiane



## REAL ESTATE CONSULTANCY

### KNIGHT FRANK SINGAPORE



Sentosa Cove

In a year of global crisis, Knight Frank responded quickly to how it conducts its business amidst the pandemic. It has taken swift decisions to manage business risks, ensure business continuity as well as the safety and well-being of its employees. A COVID-19 Task Force was set up early in the year to plan ahead and respond quickly to the then rapidly changing situation. When Singapore government imposed the Circuit Breaker in April 2020, the Info Tech team was ready to roll out remote working capabilities.

Knight Frank's diversified real estate business offering valuation and advisory services, brokerage, property and asset management, provides stability and allows the company to weather this unprecedented storm and continues to hold its position as one of Singapore's leading real estate advisories with landmark appointments and new businesses won.

Notable accomplishments for Valuation & Advisory Services in the year include winning appointments from CapitaLand Group for the merger of CapitaLand Mall Trust and CapitaLand Commercial Trust, ESR-REIT and Ascendas REIT. Business volume was healthy although fees were compressed amidst the pandemic crisis.

The brokerage business was impacted with a significant drop in volume as a result of the Circuit Breaker and subsequent policies restricting business activities. The teams transacted over \$314 million of prime residential properties (above \$5 million); over \$38 million worth of shophouses was sold in the second half of the year; and in collaboration with Knight Frank's counterpart, Bayleys concluded the sale of a shopping mall in New Zealand for NZ\$43.4 million. At the commercial front, Knight Frank represented several multinational companies looking to relocate into new and sizable offices, business parks and successfully sealed deals for JTC and private industrial properties.

Workplace Strategy and Project Management are growing areas for the business which saw the team handled over 50,000 square feet

of assignments. Following the exclusive appointment of Canberra Plaza for retail consultancy and sole marketing agency services, Knight Frank achieved over 95% occupancy for the development when it opened for business in December 2020. Knight Frank is currently the consultant and sole marketing agent for Northshore Plaza, a new neighbourhood centre located at the waterfront in Punggol Eco-town. The development is expected to obtain TOP in the first half of 2021.

In year 2020, the Property Asset Management business continues to grow its portfolio of projects. It added St. Regis Residences Singapore, Wallich Residence, Rivercove Residences and the Floridian to its portfolio of strata-managed properties and secured a contract with Sentosa Development Corporation for the management of Sentosa Cove, covering approximately 12.6 million square feet of gross floor area.

Overall, Knight Frank ended the year positively. Knight Frank will continue to strengthen its service offerings by investing in its people, technology and infrastructure for business growth.

Established during the pre-war era in 1940, Knight Frank Singapore is the first and only international real estate consultancy in Singapore that had its humble origins as a local SME. The company is the oldest auction house and a pioneer of professional real estate consultancy, valuation and land advisory services in Singapore. The group has since expanded to provide a full suite of real estate services to include project marketing expertise in local and international developments, property management, investment sales, research capabilities, retail marketing, and the sales and lease of residential and commercial properties.

The local business is served by 1,000 professionals and technical staff, and is part of Knight Frank's global network of over 20,000 professionals, in the largest privately-owned real estate practice in the world.

## CORPORATE SUSTAINABILITY

### THE COVID-19 PANDEMIC

The impact from the COVID-19 pandemic is global and far-reaching. In view of this, we had taken significant measures at each of our assets, topmost being the safety and security of our employees from the medical impact of the virus. Headcount and manning had been trimmed to a minimum operational level, whilst not compromising on the physical maintenance of the buildings. Operating costs are being kept to a minimum and all non-essential capital expenditure are deferred.

These measures, while primarily intended to sustain and ensure continuity of the various businesses, are also to enable the assets to emerge stronger as each country's economy recovers.

### 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 provide 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 our conduct of our everyday business in our business units and hotels. Continuing efforts at our hotels where fittings and parts which help reduce our carbon footprint are placed and maintained. Where applicable, environmentally friendly supplies are also used in our daily cleaning works.

In the newly renovated Busakorn Wing 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 are now contained in reusable glass bottles instead of single-use plastic ones in a bid to greatly reduce plastic waste.

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 that we conduct business in.

Whilst we had consistently organised Corporate Social Responsibility ("CSR") events every year, we had decided to postpone our CSR events in Thailand and Ho Chi Minh City, Vietnam this year till after the COVID-19 pandemic so as to ensure the safety of both our staff and the communities.

### SUSTAINABILITY REPORT

The 2020 Sustainability Report will be available in due course 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*)  
Woo Peng Kong (*Lead Independent Director*)  
Yeo Wee Kiong (*Independent Director*)  
Ong Tuen Suan (*Independent Director*)

### **AUDIT COMMITTEE**

Woo Peng Kong (*Chairman*)  
Periakaruppan Aravindan  
Yeo Wee Kiong  
Ong Tuen Suan

### **NOMINATING COMMITTEE**

Ong Tuen Suan (*Chairman*)  
Koh Wee Seng  
Woo Peng Kong

### **REMUNERATION COMMITTEE**

Yeo Wee Kiong (*Chairman*)  
Periakaruppan Aravindan  
Woo Peng Kong

### **COMPANY SECRETARY**

Lim Swee Ann

### **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.  
50 Raffles Place  
#32-01 Singapore Land Tower  
Singapore 048623

### **AUDITOR**

Ernst & Young LLP  
Public Accountants and Chartered Accountants Singapore  
Engagement Partner: Max Loh Khum Whai  
(*effective from financial year ended 31 December 2018*)

## 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: (86 516) 6216 7916

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

### THAILAND

990 Abdulrahim Place, 21st Floor  
Unit 2102, Rama IV Road, Khwaeng  
Silom, Khet Bangrak, Bangkok 10500  
Thailand  
Tel : (66 2) 015 6200/1  
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 (Under Development)*

### UNITED KINGDOM

167 Fleet Street  
London EC4A 2EA  
United Kingdom  
Tel : (44 207) 404 0681  
Fax : (44 207) 831 2833

- *AF Global (London) Ltd*

### 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

	<b>2020</b> <b>\$'000</b>	<b>2019</b> <b>\$'000</b>	<b>%</b> <b>+/-</b>
<b>FOR THE YEAR:</b>			
Revenue from continuing operations	10,689	28,266	-62.2
(Loss)/profit before taxation from continuing operations	(7,893)	816	NM
(Loss)/profit after taxation and non-controlling interests			
– continuing operations	(4,877)	(1,701)	+186.7
– discontinued operation	–	20,651	NM
	(4,877)	18,950	NM
<b>AT 31 DECEMBER:</b>			
Shareholders' equity	234,156	241,857	-3.2
Total equity	293,741	310,159	-5.3
Total assets	352,719	369,270	-4.5
<b>PER SHARE:</b>			
(Loss)/earnings before taxation from continuing operations (Note 1)	(0.75)¢	0.08¢	NM
(Loss)/earnings after taxation and non-controlling interests (Note 1)	(0.46)¢	1.80¢	NM
Net asset value (Note 2)	\$0.22	\$0.23	-4.3
<b>DIVIDENDS PAID AND PROPOSED:</b>			
Special Dividends (Note 3)	–	6.50¢	

### Notes:

1. (Loss)/earnings 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.
3. Please refer to Note 32 of the Notes to the Financial Statements for the treatment of dividends in the accounts.

"NM": Not meaningful.

## FIVE-YEAR FINANCIAL SUMMARY

	2020	2019	2018	2017	2016 <sup>^</sup>
	\$'000	\$'000	\$'000	(Restated) \$'000	\$'000
<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>					
<b>Continuing operations</b>					
Revenue	10,689	28,266	33,890	35,994	35,015
(Loss)/profit before taxation from continuing operations	(7,893)	816	3,835	11,157	7,405
Taxation	(384)	(1,186)	(2,065)	(2,026)	(1,747)
(Loss)/profit from continuing operations, net of tax	(8,277)	(370)	1,770	9,131	5,658
Non-controlling interests	3,400	(1,331)	(2,834)	(2,903)	(2,610)
(Loss)/profit from continuing operations, net of tax attributable to shareholders	(4,877)	(1,701)	(1,064)	6,228	3,048
<b>Discontinued operation</b>					
Profit from discontinued operation, net of tax	–	20,651	1,990	1,726	1,776
(Loss)/profit attributable to shareholders	(4,877)	18,950	926	7,954	4,824
<b>CONSOLIDATED BALANCE SHEET</b>					
Property, plant and equipment	230,128	247,301	226,402	362,187	312,925
Right-of-use assets	870	1,002	–	–	–
Joint venture companies	32,817	32,494	84,295	86,000	86,005
Investment securities	3,582	4,054	3,991	4,825	5,061
Other non-current assets	393	453	1,936	1,961	1,912
Net current assets	66,563	59,093	69,667	6,613	8,442
Non-current liabilities	(40,612)	(34,238)	(26,723)	(103,239)	(98,305)
Net assets	293,741	310,159	359,568	358,347	316,040
Share capital	209,518	209,518	209,518	209,518	209,518
Reserves	24,638	32,339	510	86,087	51,383
Reserves of asset classified as held for sale	–	–	84,497	–	–
Shareholders' equity	234,156	241,857	294,525	295,605	260,901
Non-controlling interests	59,585	68,302	65,043	62,742	55,139
Total equity	293,741	310,159	359,568	358,347	316,040
<b>RATIOS</b>					
<b>(Loss)/profit from continuing operations, net of tax attributable to shareholders as a percentage of:</b>					
Revenue from continuing operations	(45.6)%	(6.0)%	(3.1)%	17.3%	8.7%
<b>(Loss)/profit attributable to shareholders as a percentage of:</b>					
Average total equity	(1.6)%	5.7%	0.3%	2.4%	1.5%
<b>Per share:</b>					
(Loss)/earnings before taxation from continuing operations (Note 1)	(0.75)¢	0.08¢	0.36¢	1.06¢	0.70¢
(Loss)/earnings after taxation and non-controlling interests (Note 1)	(0.46)¢	1.80¢	0.09¢	0.75¢	0.46¢
Net asset value (Note 2)	\$0.22	\$0.23	\$0.28	\$0.28	\$0.25
<b>Dividends paid and proposed:</b>					
Final Dividend (Note 3)	–	–	0.50¢	–	–
Interim Dividends (Note 3)	–	–	–	1.00¢	1.25¢
Special Dividends (Note 3)	–	6.50¢	0.75¢	–	–

<sup>^</sup> Certain comparative figures have been reclassified to be in line with current financial year presentation.

### Notes:

- (Loss)/earnings 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.
- Please refer to Note 32 of the Notes to the Financial Statements for the treatment of dividends in the accounts.

## 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 Maxi-Cash Financial Services Corporation Ltd and World Class Global Limited. 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 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. 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.

He 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 Woo Peng Kong** has over 30 years of experience in the oil & gas and marine & offshore industries, holding diversified senior management roles as General Manager, Executive Director and Chief Executive Officer in engineering, sales & marketing, new business start-ups and joint ventures, with particular strength in business operations and financial management.

Mr Woo holds a Bachelor degree in Engineering (Mechanical) (First Class Honours) from the University of Singapore (now known as the National University of Singapore) and a Certified Diploma in Accounting and Finance from the Association of the Chartered Certified Accountants, United Kingdom.

**Mr Yeo Wee Kiong** who is retired, is a board member of Heliconia Management Pte Ltd, a wholly-owned fund management subsidiary of Temasek Holdings and a Director and Chairman in Ezyhealth group. He is also 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 Ong Tuen Suan** joined Neptune Orient Lines Limited ("NOL"), a company which was previously listed on the SGX-ST in 1991 as an accountant and subsequently took on various finance and commercial leadership positions progressively within NOL. Over a 24-year career with NOL, Mr Ong had been based in Singapore, the United Arab Emirates and the United States of America, covering finance, compliance and control, finance planning and analysis, as well as commercial and operational activities. His last appointment in NOL was as the regional financial officer for the Americas, where he was responsible for, among others, the financial reporting compliance and control, investment and divestment management and special projects support activities for the company's operations in the Americas. Mr Ong left NOL in 2015 and is currently managing a consultancy practice covering management advisory services primarily for small and medium-sized enterprises in Singapore.

Mr Ong holds Bachelor of Economics from Monash University and is a Fellow of Certified Practising Accountants Australia.

# 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.

The Company has reviewed the corporate practices it has in place to comply with the Code. This report sets out the Company’s corporate governance practices and processes with specific reference to the Code for the financial year ended 31 December 2020 (“**FY2020**”). The Company confirms that it has adhered to the principles of the Code and unless otherwise stated, the provisions of each principle in all material respects, where relevant and practical. Appropriate explanations have been included for identified variations from the provisions of the Code and how the existing practices adopted are consistent with the intent, aim and philosophy of the relevant principles of the Code.

## 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, provide the necessary leadership and guidance in the execution of the Group’s plans and to ensure 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 are 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 ensure 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.



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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. With the onset of the COVID-19 pandemic, Board and Board Committees meetings had been held by way of video conferencing as allowed by the Company’s Constitution. 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, the Board Committees and general meetings held in FY2020 and the attendance of each Director at those meetings are set out below:

Name of Directors	Board		Audit Committee		Nominating Committee		Remuneration Committee		General Meetings	
	Number of Meetings held	Number of Meetings attended	Number of Meetings held	Number of Meetings attended	Number of Meetings held	Number of Meetings attended	Number of Meetings held	Number of Meetings attended	Number of Meetings held	Number of Meetings attended
Koh Wee Seng	5	5	2	2*	1	1	1	1*	1	1
Chay Yue Kai	5	5	2	2*	1	1*	1	1*	1	1
Periakaruppan Aravindan	5	5	2	2	1	1*	1	1	1	1
Woo Peng Kong	5	5	2	2	1	1	1	1	1	1
Yeo Wee Kiong	5	5	2	2	1	1*	1	1	1	1
Ong Tuen Suan	5	5	2	2	1	1	1	1*	1	1

\* 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. New Directors are also formally informed, in writing, of their duties and obligations to 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 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. All Directors are familiar with the Group’s businesses as well as their duties as a Director of the Company (including their roles as Executive Directors, Non-Independent Non-Executive Directors and Independent Non-Executive Directors, as the case may be).

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To enable the Directors to make a balanced and informed assessment of the Group's performance, position and prospects, and fulfil their duties properly, 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 Singapore Exchange Securities Trading Limited (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 is always in attendance at all Board 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

Woo Peng Kong Lead Independent Director  
Yeo Wee Kiong Independent Non-Executive Director  
Ong Tuen Suan Independent Non-Executive Director

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 Management.

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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 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 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.

The independence of any Director who has served on the Board beyond nine (9) years from the date of his first appointment is subject to particularly rigorous review. 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 reviews its size on a regular basis to determine the productiveness and effectiveness of the Board's decision making, given the Group's size and business. The balance and diversity of skills, experience, gender, age and knowledge of the Group's business are considered in the composition of the Board and the Board Committees. Although the Group does not have a formal board diversity policy, the Board ensures that its members provide an appropriate mix of core competencies in business, finance, regulatory, legal and management experience and industry skills and knowledge. The Board is aware that board diversity offers differing opinions and considerations, fosters constructive debates essential in the decision-making process.

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 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.

## 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 Koh Wee Seng and Chay Yue Kai respectively.

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As the Non-Independent Non-Executive Chairman, 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.

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, Woo Peng Kong, 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, Ong Tuen Suan, is an Independent Non-Executive Director who is neither a substantial shareholder nor directly associated with a substantial shareholder. Woo Peng Kong, 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:

Ong Tuen Suan	Chairman
Koh Wee Seng	Member
Woo Peng Kong	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 roles and responsibilities and terms of reference;
- (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;

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- (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 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 duties as a Director, taking into consideration the Director's number of listed company board representations and other principal commitments;
- (m) determine whether or not a Director who has served more than nine (9) years in the Company is still considered independent and the justifications for such determination;
- (n) accessing the effectiveness of the Board as a whole, and Board Committees and the contribution of each individual Director to the effectiveness of the Board;
- (o) 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;
- (p) strategise to roll out the succession plans of Independent Non-Executive Directors in phases;
- (q) review and recommend training and professional development programs for the Board and its Directors;
- (r) report on its findings and recommendations after each NC meeting to the Board; and
- (s) ensure compliance with the Code in respect of disclosure requirements in the Company's annual report.

The Company requires at least one-third of the Directors (being those who have been longest in office since the last re-election) to 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 candidate'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 candour, performance and overall contribution to the Board and the Group as well as his ability to adequately carry out the duties expected while performing his roles in other companies or in other appointments. Woo Peng Kong 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 Yeo Wee Kiong will be seeking re-election pursuant to Regulation 89 of the Company's Constitution as Directors at the forthcoming Annual General Meeting ("**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 on pages 36 to 40 of this annual report.

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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 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 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 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 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. 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 FY2020. 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.

Key information regarding the Directors, such as academic and professional qualifications, and directorships or chairmanships both present and those held over the preceding three (3) years in other listed companies, and other principal commitments are found on page 13 and pages 33 to 35 of this annual report respectively. In addition, information on shareholdings in the Company and its related companies held by Directors are found on pages 41 and 120 of this annual report.

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## 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 the Board Committees, the background, knowledge and experience of its members, the Board's and the Board Committees' access to information, the Board and the 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 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 FY2020.

## 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
Woo Peng Kong	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;

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- (c) 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;
- (d) 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;
- (e) ensuring the contractual terms and any termination payments are fair to the individual and the Company;
- (f) 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;
- (g) 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;
- (h) 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;
- (i) report on its findings and recommendations after each RC meeting to the Board; and
- (j) 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 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 FY2020.

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.



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## 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 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.

(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 the 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.

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## 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 of each individual Director and the level and mix of the remuneration (in percentage terms) of each individual Director for FY2020 is as follows:

	Name of Directors	Salary (including CPF) %	Bonus, Profit Sharing %	Fee %	Other Benefits %
\$250,000 to below \$500,000	Chay Yue Kai	74	26	–	–
Below \$100,000	Koh Wee Seng	–	–	100	–
	Periakaruppan Aravindan	–	–	100	–
	Woo Peng Kong	–	–	100	–
	Yeo Wee Kiong	–	–	100	–
	Ong Tuen Suan	–	–	100	–

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.

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

A breakdown of the remuneration bands of the Group's key management personnel (who are not Directors or the CEO) and the level and mix of remuneration (in percentage terms) of the Group's key management personnel for FY2020 is as follows:

	Number of Key Management Personnel	Salary %	Bonus %	Other Benefits %
\$100,000 to below \$200,000	3	90	10	–

For FY2020, 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 \$439,992 for FY2020. 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.

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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 FY2020.

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 FY2020.

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.

### III. 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.

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.

## CORPORATE GOVERNANCE

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 FY2020.

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 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 FY2020. 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 FY2020.

For FY2020, 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 Company and its subsidiaries. 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:

Woo Peng Kong	Chairman
Periakaruppan Aravindan	Member
Yeo Wee Kiong	Member
Ong Tuen Suan	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.

The Board is of the view that with their many years of relevant experience, 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 Director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

# CORPORATE GOVERNANCE

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 supplied 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) reviewing 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 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 FY2020 and a breakdown of the fees into audit and non-audit fees are set out on page 74 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 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 FY2020, found on pages 43 to 47 of this annual report. They were:

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

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 Group's carrying value of property, plant and equipment and the accounting for asset held for sale investment in XZYJLC are supported and appropriate.

## WHISTLE-BLOWING POLICY

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. 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.

There have been no whistle-blowing incidents for FY2020.

# CORPORATE GOVERNANCE

## INTERESTED PERSON TRANSACTIONS

The Company has established a procedure for recording and reporting interested person transactions (“IPTs”). Particulars of IPTs entered into during FY2020 and disclosed in accordance with Rule 907 of the Listing Manual of SGX-ST are as follows:

Name of Interested Person	Aggregate value of all IPTs during FY2020 (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)
	\$’000	\$’000
<b>Aspial Corporation Limited<sup>(1)</sup> and subsidiaries</b>		
– Purchase of bond and interest over the 3-year term of the bond	9,548	N/A
– Corporate service fee paid	444	N/A
– Rental of office and service charges, net of rebate	246	N/A
<b>Fragrance Group Limited<sup>(2)</sup> and subsidiaries</b>		
– Facilities management fee received	169	N/A
<b>Total</b>	<b>10,407</b>	<b>N/A</b>

### Notes:

- (1) A company listed on the Main Board of the SGX-ST, in which Mr Koh Wee Seng has an interest of 30% or more.
- (2) A company listed on the Main Board of the SGX-ST, in which Mr Koh Wee Meng has an interest of 30% or more.
- (3) Mr Koh Wee Seng and Mr Koh Wee Meng are siblings.

## 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 FY2020 or if not subsisting, were entered into during FY2020.

## 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 annually reviews the adequacy and effectiveness of the internal audit function 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.

# CORPORATE GOVERNANCE

## 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 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 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.

Prior to the onset of the COVID-19 pandemic, general meetings were conducted in person. 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.

However, pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings of Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 ("**COVID-19 Order**") which sets out alternative arrangements in respect of conducting general meetings of companies amid the COVID-19 pandemic, the Company had held its 47th Annual General Meeting ("**AGM**") by way of electronic means on 11 June 2020. The notice of the AGM and the details of the process to register, attend, vote and to raise questions on the resolutions tabled were published via announcements on the SGXNet and the corporate website, in conjunction with the Company's annual report and related documents of the AGM. Shareholders participated in the meeting by observing and/or listening to the proceedings via a "live" audio-visual webcast or a "live" audio stream, submitting questions in advance in relation to any resolution set out in the notice of AGM and appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf.

In view of the COVID-19 Order and the guidance on the conduct of general meetings released by the Singapore Exchange Regulation ("**SGX RegCo**"), where listed and non-listed entities were encouraged to conduct their general meetings to be held on or before 30 June 2021 via electronic means, the Company will hold its forthcoming 48th Annual General Meeting on 29 April 2021 by way of electronic means. Shareholders are advised to refer to the Company's announcements made on SGXNet and the corporate website for details.



## CORPORATE GOVERNANCE

The Company uses website publications as the form of electronic communication with shareholders for permitted documents which may include annual reports, circulars and letters. Physical copies of forms or acceptance letters and request forms for annual reports/circulars that shareholders may be required to complete, as well as notices of general meetings, setting out proposed resolutions on each substantially separate issue for seeking shareholders' approval separately, together with explanatory notes, are sent directly to shareholders. However, for general meetings held by way of electronic means during the COVID-19 pandemic, these printed documents are not sent to shareholders in accordance with the COVID-19 Order and guidance by the SGX RegCo. Shareholders are advised to download, complete, sign and submit the forms by email. Notices of general meetings are also posted on the SGXNet, the corporate website and published in the Business Times.

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.

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. For general meetings held by way of electronic means during the COVID-19 pandemic, shareholders are advised to submit their questions relating to the resolutions tabled for approval in advance of the general meetings by email. The Company will endeavour to answer all substantial and relevant questions received from shareholders.

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. For the general meeting held on 11 June 2020 by way of electronic means, the Company had published the minutes of the general meeting on SGXNet within one month after the general meeting as required by the COVID-19 Order and guidance by the SGX RegCo.

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.

# CORPORATE GOVERNANCE

## 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 page 8 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 : 11 June 2020  
 Length of service as a Director : 5 years 9 months  
 (as at 31 December 2020)

Board Committee(s) served on:  
 – Nominating Committee (Member)

Experience:  
 Chief Executive Officer and Executive Director of Aspial Corporation Limited, and the Non-Executive Chairman of Maxi-Cash Financial Services Corporation Ltd and World Class Global Limited. Also responsible for the strategic planning overall management and business development of Aspial Corporation Limited and its subsidiaries.

Academic & Professional Qualification(s):  
 – Bachelor of Business Administration, National University of Singapore

Present Directorship in listed companies:  
 – Aspial Corporation Limited  
 – Maxi-Cash Financial Services Corporation Ltd  
 – World Class Global Limited

Major Appointments (other than Directorship):  
 – Nil

Past Directorship in listed companies held over the preceding three years (from 1 January 2018 to 31 December 2020):  
 – Nil

### 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 : 11 June 2020  
 Length of service as a Director : 5 years 8 months  
 (as at 31 December 2020)

Board Committee(s) served on:  
 – Nil

Experience:  
 Over 40 years of working experience in both local and regional property development and investment businesses. Joined L.C. Development Ltd (the former name of the Company) as Senior Manager and became an Executive Director of the property division in 2005. Was with the Company from October 2002 to January 2012 and the Managing Director of Guocoland China (Beijing and North China) from 2012 to 2013. From 2013 to 2014, he was the Head of Real Estate Development of Straits Trading Company.

Academic & Professional Qualification(s):  
 – Bachelor of Science in Building (Honours), University of Singapore (now known as National University of Singapore)

Present Directorship in listed companies:  
 – Nil

Major Appointments (other than Directorship):  
 – Nil

Past Directorship in listed companies held over the preceding three years (from 1 January 2018 to 31 December 2020):  
 – Nil

# 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 : 25 April 2019  
 Length of service as a Director : 5 years 9 months  
 (as at 31 December 2020)

Board Committee(s) served on:

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

Experience:

Deputy Chief Executive Officer and Executive Director of Fragrance Group Limited. The business of Fragrance Group Limited includes property development, investment and management of hotel properties. Over 20 years of experience in the property and hotel industry and has extensive experience in finance, accounting, secretarial and tax functions.

Academic & Professional Qualification(s):

- 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

Present Directorship in listed companies:

- Fragrance Group Limited

Major Appointments (other than Directorship):

- Nil

Past Directorship in listed companies held over the preceding three years (from 1 January 2018 to 31 December 2020):

- Nil

## MR WOO PENG KONG

Lead Independent Director

Date of first appointment as a Director : 2 April 2015  
 Date of last re-election as a Director : 27 April 2018  
 Length of service as a Director : 5 years 8 months  
 (as at 31 December 2020)

Board Committee(s) served on:

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

Experience:

Over 30 years of experience in the oil & gas and marine & offshore industries, holding c-suite roles in engineering, sales & marketing, new business start-ups and joint ventures, with particular strength in business operations and financial management.

Academic & Professional Qualification(s):

- Bachelor of Engineering (Mechanical) (First Class Honours), University of Singapore (now known as the National University of Singapore)
- Certified Diploma in Accounting and Finance, Association of the Chartered Certified Accountants, United Kingdom

Present Directorship in listed companies:

- Global Dragon Limited

Major Appointments (other than Directorship):

- Nil

Past Directorship in listed companies held over the preceding three years (from 1 January 2018 to 31 December 2020):

- Nil

# 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 : 25 April 2019  
 Length of service as a Director : 4 years 5 months  
 (as at 31 December 2020)

Board Committee(s) served on:

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

Experience:

Retired. Currently a board member of Heliconia Management Pte Ltd, a wholly-owned fund management subsidiary of Temasek Holdings (Private) Limited and a Director and Chairman in Ezyhealth Holdings Pte Ltd. An ex-Director of a leading Singapore law firm and was the Managing Partner of a law firm which he founded. Former Investment Banker with a Singapore-based UK merchant bank and a Senior Industry Officer with a government statutory board.

Academic & Professional Qualification(s):

- 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

Present Directorship in listed companies:

- Asian Healthcare Specialists Limited
- Bonvests Holdings Limited
- Pacific Century Regional Developments Limited
- Roxy-Pacific Holdings Limited
- SUTL Enterprise Limited

Major Appointments (other than Directorship):

- Nil

Past Directorship in listed companies held over the preceding three years (from 1 January 2018 to 31 December 2020):

- Nil

## MR ONG TUEN SUAN

Independent Non-Executive Director

Date of first appointment as a Director : 8 May 2018  
 Date of last re-election as a Director : 25 April 2019  
 Length of service as a Director : 2 years 7 months  
 (as at 31 December 2020)

Board Committee(s) served on:

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

Experience:

Joined Neptune Orient Lines Limited ("NOL"), a company which was previously listed on the SGX-ST in 1991 as an Accountant and progressively took on various finance and commercial leadership positions within NOL over a 23-year career with NOL, he was based in Singapore, the United Arab Emirates and the United States of America, covering finance, compliance and control, finance planning and analysis, as well as commercial and operational activities. His last appointment in NOL as the Regional Financial Officer for the Americas, and was responsible for, among others, the financial reporting compliance and control, investment and divestment management and special projects support activities for the operations in the Americas. Left NOL in 2015 and is currently managing a consultancy practice covering management advisory services primarily for small and medium-sized enterprises in Singapore.

Academic & Professional Qualification(s):

- Bachelor of Economics, Monash University
- Fellow of CPA Australia

Present Directorship in listed companies:

- World Class Global Limited

Major Appointments (other than Directorship):

- Nil

Past Directorship in listed companies held over the preceding three years (from 1 January 2018 to 31 December 2020):

- Nil

## CORPORATE GOVERNANCE

### ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

	<b>MR WOO PENG KONG</b> Independent Non-Executive Director	<b>MR YEO WEE KIONG</b> Independent Non-Executive Director
Date of Appointment	2 April 2015	20 July 2016
Date of last re-appointment (if applicable)	27 April 2018	25 April 2019
Name of person	Woo Peng Kong	Yeo Wee Kiong
Age	68	65
Country of principal residence	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 Woo Peng Kong 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 Woo Peng Kong's contributions, performance, expertise and past experiences.</p> <p>The Board considers Mr Woo to be independent for the purpose of Rule 704(8) of the Listing Manual.</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 Wee Kiong'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.</p>
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director	Independent Non-Executive Director
Professional qualifications	Please see page 34 of the Annual Report.	Please see page 35 of the Annual Report.
Working experience	<p><b>2012 – 2017:</b> <b>Global Premium Hotels Limited</b> Independent Non-Executive Director, Chairman of the Audit Committee and member of the Remuneration Committee</p> <p><b>2019 – current date:</b> <b>Global Dragon Limited</b> Independent Non-Executive Director, Chairman of the Audit Committee and members of the Nominating Committee and Remuneration Committee</p>	<p><b>1991 – current date:</b> <b>Bonvest Holdings Limited</b> Independent Non-Executive Director, Chairman of the Nominating Committee and members of the Audit Committee and Remuneration Committee</p> <p><b>2007 – 2012:</b> <b>Drew &amp; Napier LLC</b> Director <i>(retired from law practice in 2012)</i></p> <p><b>2012 – current date:</b> <b>Ezyhealth Group</b> Non-Executive Chairman</p>

## CORPORATE GOVERNANCE

	MR WOO PENG KONG	MR YEO WEE KIONG
		<p><b>2019 – current date:</b>  <b>SUTL Enterprise Limited</b>  Independent Non-Executive Director and members of the Audit Committee, Nominating Committee and Remuneration Committee</p> <p><b>2020 – current date:</b>  <b>Asian Healthcare Specialists Limited</b>  Non-Executive and Non-Independent Director</p> <p><b>2020 – current date:</b>  <b>Pacific Century Regional Developments Limited</b>  Independent Non-Executive Director, Chairman of the Audit Committee and member of the Remuneration Committee</p> <p><b>2020 – current date:</b>  <b>Roxy-Pacific Holdings Limited</b>  Independent Non-Executive Director and members of the Audit Risk Management Committee, Nominating Committee and Remuneration Committee</p>
Shareholding interest in the listed issuer and its subsidiaries	No	No
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	No	No
Conflict of interest (including any competing business)	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
Past (for the last 5 years)	Global Premium Hotels Limited <i>(delisted from the Official List of the SGX-ST with effect from 5 June 2017)</i>	Asia Township Development Pte Ltd Genkai Capital India Investment Pte Ltd Genkai Capital Secured Investment Pte Ltd Orchid 1 Investments Pte Ltd Orchid 2 Investments Pte Ltd Qualitas Medical Limited Philip Ventures Enterprise Fund 2 Ltd Raffles Venture (Direct) Pte Limited

## CORPORATE GOVERNANCE

	MR WOO PENG KONG	MR YEO WEE KIONG
Present	AF Global Limited* Global Dragon Limited*	AF Global Limited* Asian Healthcare Specialists Limited* Bonvests Holdings Limited* Ezyhealth Holdings Pte Ltd Ezyhealthcare Trust Management Pte Ltd Heliconia Capital Management Pte Ltd Pacific Century Regional Development Limited* Raffles Fund 1 Limited Raffles Fund 2 Limited Roxy-Pacific Holdings Limited* RVP Coinvest Ltd Sabana Real Estate Investment Management Pte Ltd <i>(the Manager of Sabana REIT)</i> SUTL Enterprise Limited*
	* Public listed company on SGX-ST	* Public listed company on SGX-ST
<b>Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.</b>		
(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
(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



## CORPORATE GOVERNANCE

	MR WOO PENG KONG	MR YEO WEE KIONG
(c) Whether there is any unsatisfied judgment against him?	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
(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
(f) Whether at any time during the last 10 years, judgment 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
(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
(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
(i) Whether he has ever been the subject of any order, judgment 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

## CORPORATE GOVERNANCE

	MR WOO PENG KONG	MR YEO WEE KIONG
(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
(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
(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
(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, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(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	Yes  In 1990, Mr Yeo Wee Kiong attested as witness to certain documents and dispensed with requiring the signor to be physically present. Mr Yeo was fined \$200 by the Law Society and the documents had to be re-executed.
<b>Disclosure applicable to the appointment of Director only.</b>		
Any prior experience as a director of an issuer listed on the Exchange?  If yes, please provide details of prior experience.  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.	This relates to re-appointment of Director	This relates to re-appointment of Director
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

# 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 2020.

## 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 2020 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  
 Woo Peng Kong  
 Yeo Wee Kiong  
 Ong Tuen Suan

## 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, Cap. 50, an interest in the ordinary shares of the Company as stated below:

Name of Director	Direct interest		Deemed interest	
	At	At	At	At
	1 January 2020	31 December 2020	1 January 2020	31 December 2020
Koh Wee Seng	–	8,629,075	440,691,785	441,857,365
Periakaruppan Aravindan	100,000	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 2021.

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, Cap. 50, Koh Wee Seng is deemed to have an interest in the shares of the Company and its subsidiaries 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.

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.

# DIRECTORS' STATEMENT

## AUDIT COMMITTEE

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

Woo Peng Kong	(Chairman, Lead Independent Director)
Periakaruppan Aravindan	(Non-Executive Director)
Yeo Wee Kiong	(Independent Director)
Ong Tuen Suan	(Independent Director)

The Audit Committee carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50 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  
25 March 2021

# INDEPENDENT AUDITOR'S REPORT

## 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 subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2020, 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 significant 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 Companies Act, Chapter 50 (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 2020 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) Carrying value of property, plant and equipment

The Group's land and buildings, included as part of property, plant and equipment (collectively, "properties"), are stated at fair value. As at 31 December 2020, the carrying value of these properties amounted to \$230,128,000 and accounted for 65% of the Group's total assets.

# INDEPENDENT AUDITOR'S REPORT

## Key Audit Matters (Continued)

### (1) Carrying value of property, plant and equipment (Continued)

The fair valuation of these properties is significant to our audit due to their magnitude and the involvement of significant judgments in the fair valuation assessment. The assessments were performed by independent valuation specialists and are highly dependent on a range of key assumptions and estimates that require significant judgment, including but not limited to forecasted net income, growth rates, discount rates and indicative values of comparable properties. There is an increase in the level of estimation uncertainty in determining the valuation of the properties as at 31 December 2020 arising from the changes in market and economic conditions brought on by the COVID-19 pandemic. Accordingly, we have identified this as a key audit matter.

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

- Considered the competence, capabilities and objectivity of the independent valuation specialists and management involved in the assessment;
- Discussed with the independent valuation specialists and management to obtain an understanding of the valuation methodologies, key assumptions and estimates adopted, including how they have considered the implications of COVID-19 and market uncertainty in the valuations where appropriate;
- Assessed the appropriateness of the valuation methodologies, key assumptions and estimates adopted by the independent valuation specialists and management with the assistance of our internal valuation specialists;
- Assessed the reasonableness of the key estimates used by the independent valuation specialists and management by comparing to historical budgets and actual performance relating to average room and occupancy rates, industry data and prices from recent sale transactions of comparable properties where available;
- Assessed the adequacy of disclosures in Note 10 Property, Plant and Equipment and Note 33 Fair Value of Assets and Liabilities to the financial statements relating to the assumptions, given the estimation uncertainty, including the heightened uncertainty caused by COVID-19 and sensitivity of the valuations.

### (2) Accounting for asset held for sale 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 2020 amounted to \$53,038,000, representing 15% of the Group's total assets. As disclosed in Note 2.4, due to the litigation between the Group and the joint investor that are undergoing court proceedings, the Group has been engaging in negotiations to sell its entire equity stake in XZYJLC to the joint investor since 2019. The Group ceased equity accounting for XZYJLC on 1 October 2019 and has classified the investment as non-current asset held for sale measured at the lower of carrying amount and fair value less costs to sell.

As of 31 December 2020, the Group continues to classify the investment in XZYJLC as non-current asset held for sale despite a delay in the original sale plan. Management has assessed that the investment in XZYJLC continues to meet the criteria for held-for-sale classification under SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*.

# INDEPENDENT AUDITOR'S REPORT

Management has assessed the fair value less costs to sell of the investment in XZYJLC based on the sale consideration under negotiation and estimable costs to sell of the investment and no remeasurement gain or loss has been recorded during the year ended 31 December 2020. Due to the inherent uncertainty and management judgment involved in classification as non-current asset held for sale and estimation of the fair value less costs to sell, we have identified this as a key audit matter.

Our audit procedures in relation to the classification and impairment assessment of the held for sale investment included, amongst others:

- Reviewed legal representations and litigation documents from the Group's external legal counsel and obtained updates from management on our understanding of the facts and circumstances of the ongoing shareholders dispute and negotiations and the potential implications to XZYJLC and the Group;
- Assessed the reasonableness of management's assumptions and judgments on their classification of the investment in XZYJLC as assets held for sale against the criteria for classification within SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations*;
- Evaluated management's considerations in assessing the likelihood of the sale to occur within twelve months from 31 December 2020, and considered the progress, commitment and active interest from both parties to finalise the sale transaction within this time frame, including the review of correspondences with the joint investor;
- Obtained an understanding of management's basis and considerations in assessing the fair value less costs to sell of the investment in XZYJLC;
- Assessed the reasonableness of management's key assumptions used in their estimation of the recoverable amount of the investment, including;
  - Sale consideration under negotiation – reviewed minutes of meetings with the joint investor and the local government authorities and draft agreements;
  - Key assumptions in estimating the costs to sell – evaluated the reasonableness of the costs to sell by assessing it against relevant tax rates and checking the estimated costs to quotations from the external legal counsel and financial institutions;
- Assessed the adequacy of disclosures in Note 12 Joint venture companies and Note 15 Asset classified as held for sale.

# INDEPENDENT AUDITOR'S REPORT

## 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.



# INDEPENDENT AUDITOR'S REPORT

- 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.
- 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 Max Loh Khum Whai.

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

25 March 2021

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group	
		2020 \$'000	2019 \$'000
<b>Continuing operations</b>			
<b>Revenue</b>	3	10,689	28,266
Cost of sales		(9,569)	(14,502)
<b>Gross profit</b>		1,120	13,764
Other operating income	4	843	1,188
Marketing expenses		(778)	(1,361)
Administrative expenses		(6,877)	(8,677)
Other operating expenses		(3,779)	(6,142)
<b>Operating loss</b>		(9,471)	(1,228)
Finance costs	5	(584)	(987)
Share of results of associated and joint venture companies		2,162	3,031
<b>(Loss)/profit before taxation from continuing operations</b>	6	(7,893)	816
Taxation	7	(384)	(1,186)
<b>Loss from continuing operations, net of tax</b>		(8,277)	(370)
<b>Discontinued operation</b>			
Profit from discontinued operation, net of tax	8	–	20,651
<b>(Loss)/profit for the year</b>		(8,277)	20,281
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Foreign currency translation		(2,774)	13,287
Fair value gain/(loss) on investment securities		464	(152)
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value (loss)/gain on investment securities		(515)	160
Net (deficit)/surplus on revaluation of property, plant and equipment		(5,032)	788
		(7,857)	14,083
<b>Total comprehensive income for the year</b>		(16,134)	34,364
<b>(Loss)/profit for the year attributable to:</b>			
Shareholders of the Company		(4,877)	(1,701)
Loss from continuing operations, net of tax		–	20,651
Profit from discontinued operation, net of tax		(4,877)	18,950
Non-controlling interests		(3,400)	1,331
		(8,277)	20,281
<b>Total comprehensive income for the year attributable to:</b>			
Shareholders of the Company		(7,949)	5,379
(Loss)/profit from continuing operations, net of tax		–	23,376
Profit from discontinued operation, net of tax		(7,949)	28,755
Non-controlling interests		(8,185)	5,609
		(16,134)	34,364
<b>Loss per share from continuing operations (cents)</b>	9(a)		
– Basic		(0.46)	(0.16)
– Diluted		(0.46)	(0.16)
<b>(Loss)/earnings per share (cents)</b>	9(b)		
– Basic		(0.46)	1.80
– Diluted		(0.46)	1.80

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

**BALANCE SHEETS**

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Non-current assets</b>					
Property, plant and equipment	10	230,128	247,301	–	–
Intangible assets		36	39	–	–
Right-of-use assets	27	870	1,002	–	–
Subsidiary companies	11	–	–	297,276	292,682
Joint venture companies	12	32,817	32,494	–	–
Investment securities	13	3,582	4,054	–	–
Deferred tax assets	14	357	414	–	–
		<b>267,790</b>	<b>285,304</b>	<b>297,276</b>	<b>292,682</b>
<b>Current assets</b>					
Investment securities	13	14,060	7,649	–	–
Inventories		154	224	–	–
Trade receivables	16	34	779	–	–
Other receivables	17	789	800	138	126
Prepayments		211	253	5	4
Amount due from a subsidiary company	18	–	–	–	7,507
Cash and short-term deposits	26	16,643	23,634	472	497
		<b>31,891</b>	<b>33,339</b>	<b>615</b>	<b>8,134</b>
Asset classified as held for sale	15	53,038	50,627	–	–
		<b>84,929</b>	<b>83,966</b>	<b>615</b>	<b>8,134</b>
<b>Current liabilities</b>					
Trade payables	19	716	2,467	–	–
Other payables and accruals	20	5,687	8,024	402	832
Provision for taxation		252	446	30	28
Lease liabilities	27	81	76	–	–
Loans and borrowings	22	11,630	3,304	9,175	1,500
Dividend payable	32	–	10,556	–	10,556
		<b>18,366</b>	<b>24,873</b>	<b>9,607</b>	<b>12,916</b>
<b>Net current assets/(liabilities)</b>		<b>66,563</b>	<b>59,093</b>	<b>(8,992)</b>	<b>(4,782)</b>
<b>Non-current liabilities</b>					
Amount due to a subsidiary company	21	–	–	18,971	22,999
Lease liabilities	27	875	973	–	–
Loans and borrowings	22	12,921	4,805	2,625	–
Deferred tax liabilities	14	26,816	28,460	–	–
		<b>40,612</b>	<b>34,238</b>	<b>21,596</b>	<b>22,999</b>
<b>Net assets</b>		<b>293,741</b>	<b>310,159</b>	<b>266,688</b>	<b>264,901</b>
<b>Equity attributable to shareholders of the Company</b>					
Share capital	23	209,518	209,518	209,518	209,518
Reserves		24,638	32,339	57,170	55,383
		<b>234,156</b>	<b>241,857</b>	<b>266,688</b>	<b>264,901</b>
Non-controlling interests	24	59,585	68,302	–	–
<b>Total equity</b>		<b>293,741</b>	<b>310,159</b>	<b>266,688</b>	<b>264,901</b>

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Attributable to shareholders of the Company				Non-controlling interests	Total equity
	Share capital \$'000	Capital and other reserves (Note 25) \$'000	Revenue reserve \$'000	Total reserves \$'000	\$'000	\$'000
<b>2020</b>						
<b>As at 1 January 2020</b>	<b>209,518</b>	<b>55,905</b>	<b>(23,566)</b>	<b>32,339</b>	<b>68,302</b>	<b>310,159</b>
Loss for the year	–	–	(4,877)	(4,877)	(3,400)	(8,277)
Other comprehensive income for the year, net of tax	–	(3,072)	–	(3,072)	(4,785)	(7,857)
Total comprehensive income for the year	–	(3,072)	(4,877)	(7,949)	(8,185)	(16,134)
<i>Others</i>						
Dividend paid to a non-controlling interest	–	–	–	–	(292)	(292)
Repayment of loans from a non-controlling interest	–	–	–	–	(240)	(240)
Transfer from asset revaluation reserve to revenue reserve	–	(42)	42	–	–	–
Increase in net assets of a joint venture company	–	–	248	248	–	248
Total others	–	(42)	290	248	(532)	(284)
<b>As at 31 December 2020</b>	<b>209,518</b>	<b>52,791</b>	<b>(28,153)</b>	<b>24,638</b>	<b>59,585</b>	<b>293,741</b>

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Attributable to shareholders of the Company					Non-controlling interests	Total equity
	Share capital	Capital and other reserves	Revenue reserve	Reserves of disposal group held for sale	Total reserves		
	\$'000	(Note 25) \$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2019</b>							
<b>As at 1 January 2019</b>	209,518	48,813	(48,303)	84,497	85,007	65,043	359,568
Profit for the year	–	–	18,950	–	18,950	1,331	20,281
Other comprehensive income for the year, net of tax	–	7,080	–	2,725	9,805	4,278	14,083
Total comprehensive income for the year	–	7,080	18,950	2,725	28,755	5,609	34,364
<i>Contributions by and distributions to shareholders of the Company</i>							
Dividends paid (Note 32)	–	–	(71,256)	–	(71,256)	–	(71,256)
Dividend payable (Note 32)	–	–	(10,556)	–	(10,556)	–	(10,556)
Total contributions by and distributions to shareholders of the Company	–	–	(81,812)	–	(81,812)	–	(81,812)
<i>Others</i>							
Dividends paid to non-controlling interests	–	–	–	–	–	(2,196)	(2,196)
Repayment of loans from a non-controlling interest	–	–	–	–	–	(154)	(154)
Sale of interest in a subsidiary company	–	–	87,222	(87,222)	–	–	–
Increase in net assets of a joint venture company	–	–	371	–	371	–	371
Share of reserves of a joint venture company	–	12	6	–	18	–	18
Total others	–	12	87,599	(87,222)	389	(2,350)	(1,961)
<b>As at 31 December 2019</b>	<b>209,518</b>	<b>55,905</b>	<b>(23,566)</b>	<b>–</b>	<b>32,339</b>	<b>68,302</b>	<b>310,159</b>

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Company	Share capital \$'000	Revenue reserve \$'000	Total equity \$'000
<b>2020</b>			
<b>As at 1 January 2020</b>	209,518	55,383	264,901
Profit for the year, representing total comprehensive income for the year	–	1,787	1,787
<b>As at 31 December 2020</b>	<b>209,518</b>	<b>57,170</b>	<b>266,688</b>
<b>2019</b>			
<b>As at 1 January 2019</b>	209,518	17,248	226,766
Profit for the year, representing total comprehensive income for the year	–	119,947	119,947
<i>Contributions by and distributions to shareholders of the Company</i>			
Dividends paid (Note 32)	–	(71,256)	(71,256)
Dividend payable (Note 32)	–	(10,556)	(10,556)
Total contributions by and distributions to shareholders of the Company	–	(81,812)	(81,812)
<b>As at 31 December 2019</b>	<b>209,518</b>	<b>55,383</b>	<b>264,901</b>

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

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group	
	2020 \$'000	2019 \$'000
<b>Cash flows from operating activities:</b>		
(Loss)/profit before taxation from continuing operations	(7,893)	816
Profit before taxation from discontinued operation	–	20,664
(Loss)/profit before taxation, total	(7,893)	21,480
Adjustments for:		
Depreciation of property, plant and equipment	4,674	3,791
Depreciation of right-of-use assets	116	116
Gain on sale of property, plant and equipment	(302)	(21)
Property, plant and equipment written off	4	77
Loss on sale of investment securities	2	6
Gain on sale of interest in a subsidiary company	–	(20,402)
Gain on sale of interest in an associated company	–	(32)
Loss on sale of non-current asset classified as held for sale	–	819
Share of results of associated and joint venture companies	(2,162)	(3,031)
Amortisation of club memberships	3	3
Dividend income from investment securities	(58)	–
Interest income	(1,323)	(981)
Finance costs	584	1,317
Unrealised foreign exchange differences	466	(837)
<b>Operating (loss)/profit before reinvestment in working capital</b>	<b>(5,889)</b>	<b>2,305</b>
Decrease in inventories	64	40
Decrease in receivables and prepayments	739	199
(Decrease)/increase in payables	(3,784)	134
<b>Cash flows (used in)/generated from operations</b>	<b>(8,870)</b>	<b>2,678</b>
Interest received	1,211	939
Interest paid	(491)	(1,152)
Income taxes paid	(498)	(1,596)
<b>Net cash flows (used in)/from operating activities</b>	<b>(8,648)</b>	<b>869</b>
<b>Cash flows from investing activities:</b>		
Dividends received	2,258	3,300
Proceeds from sale of property, plant and equipment	302	27
Purchase of property, plant and equipment	(127)	(9,805)
Purchase of investment securities	(7,988)	(2,497)
Proceeds from sale of investment securities	2,250	1,001
Net cash inflow from sale of non-current asset classified as held for sale	–	5,091
Net cash inflow from sale of interest in a subsidiary company	–	113,668
Proceeds from sale of interest in an associated company	–	1,389
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(3,305)</b>	<b>112,174</b>

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

# CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Group	
	2020	2019
	\$'000	\$'000
<b>Cash flows from financing activities:</b>		
Proceeds from bank loans	27,369	18,963
Repayment of bank loans	(10,800)	(60,090)
Advance from former immediate and ultimate holding company	–	2,000
Repayment of advance from former immediate and ultimate holding company	–	(2,000)
Repayment of loans from a non-controlling interest	(240)	(154)
Repayment of advances by an associated company	–	240
Repayment of lease liabilities	(157)	(156)
Fixed deposit pledged with a bank	–	(11,845)
Fixed deposit discharged by a bank	–	11,845
Dividends paid by the Company	(10,556)	(71,256)
Dividends paid to non-controlling interests	(292)	(2,196)
<b>Net cash flows generated from/(used in) financing activities</b>	<b>5,324</b>	<b>(114,649)</b>
Net decrease in cash and cash equivalents	(6,629)	(1,606)
Effects of exchange rate changes on cash and cash equivalents	(367)	611
Cash and cash equivalents at beginning of year	23,585	24,580
<b>Cash and cash equivalents at end of year (Note 26)</b>	<b>16,589</b>	<b>23,585</b>

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 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"). On 20 December 2019, AF Corporation Pte Ltd ceased to be the immediate and ultimate holding company through a distribution in specie of its shares in the capital of the Company to its shareholders.

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 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 SIGNIFICANT 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 2020:

- Amendment to References to Conceptual Framework in SFRS(I) Standards
- Amendments to SFRS(I) 3 *Definition of a Business*
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 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:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to SFRS(I) 16 <i>Covid-19 Related Rent Concessions</i>	1 June 2020
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to SFRS(I) 1-16 <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to SFRS(I) 1-37 <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to SFRS(I) 1-1 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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. These estimates are based on local market conditions existing at the end of the reporting period.

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 34(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 2020 was \$230,128,000 (2019: \$247,301,000). 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 (loss)/profit before taxation from continuing operations of approximately 3% (2019: 23%).

(c) *Leases – Estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease. Therefore, it uses the incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group would have to pay, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

*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:

(a) *Determination of control over investees*

As at 31 December 2020, the Group owns 41% of equity in HIRP (Thailand) Limited ("HIRP"). It has been assessed that the Group has management control over the financial and operating policies of HIRP due to its majority representation on the board of this company. Consequently, this company is consolidated as a subsidiary company of the Group.

As at 31 December 2020, the Group owns 55% of equity in Xuzhou RE Sales Co., Ltd ("XZRES"). It has been assessed that the Group does not have control over XZRES because their operations are jointly controlled by the Group and the joint venture partner in accordance with a joint venture agreement. Consequently, XZRES is accounted for as a joint venture company of the Group.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

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

*Judgments made in applying accounting policies* (Continued)

(a) *Determination of control over investees* (Continued)

As at 31 December 2020, the Group owns 55% of equity in Knight Frank Pte Ltd (“KFPL”). KFPL in turn owns 89% of equity in Knight Frank Property Asset Management Pte Ltd and 100% of equity in KF Property Network Pte Ltd (collectively, “KFPL and its subsidiaries”). It has been assessed that the Group does not have control over KFPL and its subsidiaries because their operations are jointly controlled by the Group and the joint venture partner in accordance with a shareholders’ agreement. Consequently, KFPL and its subsidiaries are accounted for as joint venture companies of the Group.

(b) *Impairment of investments in subsidiary 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 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 and joint venture companies.

The carrying amounts of investments in subsidiary and joint venture companies at 31 December 2020 of the Group and the Company are disclosed in Notes 11 and 12 respectively.

(c) *Asset classified as held for sale*

On 1 October 2019, the Group reclassified its 55% equity interest in Xuzhou YinJian LumChang Real Estate Development Co., Ltd (“XZYJLC”), a joint venture company as disclosed in Note 12, as an asset held for sale. The Directors considered the investment in XZYJLC to meet the criteria to be classified as held for sale at that date for the following reasons:

- XZYJLC is available for immediate sale and in its present condition
- The actions to complete the sale were initiated and it was expected that the sale will be completed within twelve months from the date of initial classification
- Negotiations for sale to the joint venture partner are at an advanced stage at that date

On 5 June 2020, the Group entered into a mediation agreement in relation to the disputes and litigation under court proceedings between the Group and the joint venture partner and an equity transfer framework agreement with the purchasers to sell its 55% equity interest in the joint venture company. Pursuant to the terms and conditions of the mediation agreement, disputes and litigation will be withdrawn, save for a litigation in relation to the dissolution of the joint venture that will be resolved upon completion of the sale. However, due to the occurrence of unforeseen events beyond the management’s control during the initial one-year period from reclassification to asset held for sale, the sale did not take place as the purchasers had failed to procure financing for the aggregate consideration as per the conditions precedent in the agreement. In response, the Group is seeking legal advice and will determine the means to enforce the Group’s legal rights as per the agreement. These include ongoing negotiations with the joint venture partner for the sale.

The Group remains committed to the sale and the asset is available for immediate sale in its present condition.

The Group has assessed that the fair value less costs to sell is expected to exceed the carrying amount of the investment. The carrying amount of this asset classified as held for sale is disclosed in Note 15.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

(d) *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 2020 were \$252,000 (2019: \$446,000), \$357,000 (2019: \$414,000) and \$26,816,000 (2019: \$28,460,000) respectively.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 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.

#### (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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## **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.

## **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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.9 *Joint venture companies* (Continued)

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.

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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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	4 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 an 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 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 2020

## Investments in equity securities

The Group had elected to recognise subsequent changes in fair value of 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 financial asset 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 for debt instruments is recognised in profit or loss.

## (b) *Financial liabilities*

### *Initial recognition and measurement*

Financial liabilities include trade and other payables, amount due to a subsidiary company, lease liabilities, interest-bearing loans and borrowings and dividend payable. 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.

## **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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 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.

For quoted debt and unquoted equity securities at fair value through other comprehensive income, the Group applies the low credit risk simplification. At the end of each reporting period, the Group evaluates whether these securities are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of these securities. In addition, the Group considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## **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.

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.20 Leases (Continued)

#### (a) As lessee (Continued)

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:

	<u>Useful lives</u>
Leasehold land	16 years
Office premises	3 years

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.

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 2.25(e). Contingent rents are recognised as revenue in the periods in which they are earned.

### 2.21 Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amounts and fair value less costs to sell.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the plan to sell and the sale is expected to be completed within one year from the date of the classification.

Property, plant and equipment once classified as held for sale are not depreciated.

Assets and liabilities of disposal group classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of or is classified as held for sale when such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Discontinued operations are excluded from the results of continuing operations and are presented as profit or loss after tax from discontinued operations in profit or loss.

Additional disclosures are provided in Notes 8 and 15.

## 2.22 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 2020

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

### 2.22 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.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## **2.23 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 31, including the factors used to identify the reportable segments and the basis of evaluating the segment performance.

## **2.24 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.

## **2.25 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### 2.25 Revenue (Continued)

(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) *Revenue from development properties for sale*

Revenue will be recognised upon the transfer of significant risks and rewards of ownership, which generally coincides with the time the development units are delivered to the purchasers. Revenue and profits are brought into the financial statements only in respect of sale agreements finalised.

(c) *Interest income*

Interest income is recognised using the effective interest method.

(d) *Dividend income*

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

(e) *Rental income*

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

### 2.26 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 3. REVENUE

Segments	Group					
	Hotel and serviced residence		Others		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>Primary geographical markets</b>						
Singapore	–	–	844	400	844	400
Thailand	5,935	22,960	–	–	5,935	22,960
Vietnam	2,116	2,192	–	–	2,116	2,192
Lao People's Democratic Republic	1,794	2,714	–	–	1,794	2,714
	<b>9,845</b>	<b>27,866</b>	<b>844</b>	<b>400</b>	<b>10,689</b>	<b>28,266</b>
<b>Major product or service lines</b>						
Room revenue	6,955	19,626	–	–	6,955	19,626
Revenue from food and beverage	1,614	6,438	–	–	1,614	6,438
Revenue from services rendered	447	853	–	–	447	853
Rental income	829	949	–	–	829	949
Dividend income from investment securities	–	–	58	–	58	–
Interest income	–	–	786	400	786	400
	<b>9,845</b>	<b>27,866</b>	<b>844</b>	<b>400</b>	<b>10,689</b>	<b>28,266</b>
<b>Timing of transfer of goods or services</b>						
At a point in time	9,016	26,917	844	400	9,860	27,317
Over time	829	949	–	–	829	949
	<b>9,845</b>	<b>27,866</b>	<b>844</b>	<b>400</b>	<b>10,689</b>	<b>28,266</b>

No revenue was derived from the property segment for the financial years ended 31 December 2020 and 31 December 2019.

## 4. OTHER OPERATING INCOME

	Group	
	2020 \$'000	2019 \$'000
Interest income from fixed deposits	537	574
Foreign currency gains	–	515
Gain on sale of property, plant and equipment	302	21
Gain on sale of interest in an associated company	–	32
Others	4	46
	<b>843</b>	<b>1,188</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 5. FINANCE COSTS

	Group	
	2020 \$'000	2019 \$'000
Interest on bank loans	500	889
Interest on lease liabilities	84	87
Interest on advance from former immediate and ultimate holding company	–	8
Interest on loan from a non-controlling interest	–	3
	<b>584</b>	<b>987</b>

## 6. (LOSS)/PROFIT BEFORE TAXATION FROM CONTINUING OPERATIONS

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

Audit fees		
– Auditor of the Company	195	211
– Other auditors	74	78
Non-audit fees		
– Auditor of the Company	18	32
– Other auditors	6	3
Total audit and non-audit fees	293	324
Legal and professional fees	821	1,232
Impairment loss on trade receivables	60	4
Utilities	797	1,826
Repairs and maintenance	384	600
Loss on sale of investment securities	2	6
Loss on sale of non-current asset classified as held for sale	–	819
Property, plant and equipment written off	4	51
Amortisation of club memberships	3	3
Depreciation of property, plant and equipment	4,674	3,791
Depreciation of right-of-use assets	116	116
Salaries and other short-term employee benefits (including executive director)	8,252	10,842
Central Provident Fund and other defined contributions (including executive director)	445	596
Inventories recognised as an expense in cost of sales	642	2,645
Directors' fees	206	230
Rental expenses	274	82
Property tax	21	187
Foreign currency losses	512	–

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 7. TAXATION

The major components of income tax expense for the years ended 31 December were:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Continuing operations:		
Current tax		
– Current year	<b>377</b>	988
– Over provision in respect of prior year	<b>(69)</b>	–
Deferred tax		
– Origination and reversal of temporary differences	<b>121</b>	228
– Over provision in respect of prior year	<b>(45)</b>	(30)
	<b>384</b>	1,186
Income tax attributable to discontinued operation (Note 8)	–	13
Income tax expense recognised in profit or loss	<b>384</b>	1,199

As at 31 December 2020, certain subsidiary companies in the Group had unutilised tax losses of approximately \$127,387,000 (2019: \$119,426,000) 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. The tax losses of \$13,979,000 (2019: \$6,145,000) will expire within the next 5 years. No deferred tax asset was recognised due to uncertainty of its recoverability except as disclosed in Note 14.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 7. TAXATION (CONTINUED)

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

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
(Loss)/profit before taxation from continuing operations	<b>(7,893)</b>	816
Profit before taxation from discontinued operation (Note 8)	–	20,664
	<b>(7,893)</b>	21,480
Adjustment for:		
Share of results of associated and joint venture companies	<b>(2,162)</b>	(3,031)
	<b>(10,055)</b>	18,449
Tax at statutory rate of 17% (2019: 17%)	<b>(1,709)</b>	3,136
Tax effect on expenses not deductible in determining taxable profit	<b>1,118</b>	1,619
Tax effect on income not taxable in determining taxable profit	<b>(27)</b>	(3,542)
Tax effect on tax incentives	<b>(158)</b>	(141)
Over provision in respect of prior year	<b>(114)</b>	(30)
Tax effect on different statutory tax rates of other countries	<b>(293)</b>	73
Tax effect on reversal of temporary differences	<b>(255)</b>	(82)
Tax effect on net deferred tax assets not recognised	<b>1,812</b>	118
Withholding tax	<b>6</b>	41
Others, net	<b>4</b>	7
	<b>384</b>	1,199

The expenses not deductible in determining taxable profit comprised mainly expenses disallowed for investment holding companies and borrowing costs on capital expenditures.

The income not taxable in determining taxable profit in the last financial year comprised mainly capital gain from disposal of the Group's entire equity interest in L.C. (London) Ltd, as detailed in Note 8.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 8. DISCONTINUED OPERATION AND DISPOSAL GROUP HELD FOR SALE

On 14 December 2018, L.C. Hotels Pte Ltd, a wholly-owned subsidiary of the Company, entered into a share sale and purchase agreement to sell the entire issued paid-up ordinary shares in the capital of L.C. (London) Ltd ("LCL"). At 31 December 2018, LCL was classified as a disposal group held for sale and as a discontinued operation. The assets and liabilities related to LCL have been presented separately in the balance sheet as current items and its results were presented separately in profit or loss as "Profit from discontinued operation, net of tax". The sale was completed on 11 April 2019.

The financial results and cash flow information of discontinued operation were as follows:

	<b>2019</b>
	<b>\$'000</b>
<b>Revenue</b>	4,259
Cost of sales	(2,303)
<b>Gross profit</b>	1,956
Other operating income	56
Marketing expenses	(264)
Administrative expenses	(627)
Other operating expenses	(529)
<b>Operating profit</b>	592
Finance costs	(330)
Gain on sale of discontinued operation	20,402
<b>Profit before taxation</b>	20,664
Taxation	(13)
<b>Profit for the year</b>	20,651
Net cash flows from operating activities	19
Net cash flows from investing activities	113,630
Net cash flows used in financing activities	(737)
Net increase in cash and cash equivalents	112,912

Earnings per share from discontinued operation (cents) were as follows:

Basic	1.96
Diluted	1.96

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 8. DISCONTINUED OPERATION AND DISPOSAL GROUP HELD FOR SALE (CONTINUED)

The effects of disposal on the financial position of the Group were as follows:

	<b>2019</b>
	<b>\$'000</b>
Property, plant and equipment	138,141
Inventories	73
Trade receivables	321
Other receivables	109
Prepayments	137
Cash and short-term deposits	4,495
<b>Total assets</b>	<b>143,276</b>
Trade payables	1,058
Other payables and accruals	1,738
Loans and borrowings	29,877
Deferred tax liabilities	12,785
<b>Total liabilities</b>	<b>45,458</b>
<b>Net assets derecognised</b>	<b>97,818</b>
Consideration received	119,310
Less: Transaction costs incurred	(1,147)
Less: Cash and short-term deposits disposed of	(4,495)
<b>Net cash inflow from investing activities</b>	<b>113,668</b>
Consideration received	119,310
Less: Net assets derecognised	(97,818)
Less: Transaction costs incurred	(1,147)
Add: Realisation of foreign currency translation reserve to profit or loss	57
<b>Gain on sale of interest in a subsidiary company</b>	<b>20,402</b>

Asset classified as held for sale is disclosed in Note 15.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 9. EARNINGS PER SHARE

	Group	
	2020 \$'000	2019 \$'000
<b>(a) Loss per share from continuing operations</b>		
Loss from continuing operations attributable to shareholders of the Company	<b>(4,877)</b>	(1,701)
<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>Loss per share from continuing operations</b> (cents)		
Basic	<b>(0.46)</b>	(0.16)
Diluted	<b>(0.46)</b>	(0.16)
<b>(b) (Loss)/earnings per share</b>		
(Loss)/profit attributable to shareholders of the Company	<b>(4,877)</b>	18,950
<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>(Loss)/earnings per share</b> (cents)		
Basic	<b>(0.46)</b>	1.80
Diluted	<b>(0.46)</b>	1.80

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 10. 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 2020							
Cost	–	–	4,599	14,512	21,847	353	41,311
Valuation	245,153	19,357	–	–	–	–	264,510
	245,153	19,357	4,599	14,512	21,847	353	305,821
Additions	–	–	49	10	68	–	127
Reversals	–	–	–	–	(113)	–	(113)
Revaluation	(9,111)	3,023	–	–	–	–	(6,088)
Disposals	–	–	–	–	(8)	–	(8)
Write off	–	–	–	–	(23)	–	(23)
Elimination of accumulated depreciation upon revaluation	–	(3,283)	–	–	–	–	(3,283)
Reclassification	11	–	(9)	36	(38)	–	–
Currency realignment	(6,110)	(764)	(101)	(347)	(586)	(10)	(7,918)
At 31 December 2020	229,943	18,333	4,538	14,211	21,147	343	288,515
Representing –							
Cost	–	–	4,538	14,211	21,147	343	40,239
Valuation	229,943	18,333	–	–	–	–	248,276
	229,943	18,333	4,538	14,211	21,147	343	288,515
Accumulated depreciation							
At 1 January 2020	30,128	2,279	–	11,602	14,193	318	58,520
Charge for the year	1,191	1,148	–	783	1,539	13	4,674
Disposals	–	–	–	–	(8)	–	(8)
Write off	–	–	–	–	(19)	–	(19)
Elimination of accumulated depreciation upon revaluation	–	(3,283)	–	–	–	–	(3,283)
Currency realignment	(663)	(144)	–	(277)	(404)	(9)	(1,497)
At 31 December 2020	30,656	–	–	12,108	15,301	322	58,387
Net carrying amount							
At 31 December 2020	199,287	18,333	4,538	2,103	5,846	21	230,128

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	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>Cost and valuation</b>							
At 1 January 2019							
Cost	–	–	3,036	12,852	20,382	343	36,613
Valuation	228,678	19,968	–	–	–	–	248,646
	228,678	19,968	3,036	12,852	20,382	343	285,259
Additions	99	–	1,503	1,845	6,320	–	9,767
Revaluation	627	–	–	–	–	–	627
Disposals	(75)	–	–	(407)	(859)	–	(1,341)
Write off	(530)	–	–	(327)	(5,111)	–	(5,968)
Reclassification	–	–	(193)	41	152	–	–
Currency realignment	16,354	(611)	253	508	963	10	17,477
At 31 December 2019	245,153	19,357	4,599	14,512	21,847	353	305,821
<b>Representing –</b>							
Cost	–	–	4,599	14,512	21,847	353	41,311
Valuation	245,153	19,357	–	–	–	–	264,510
	245,153	19,357	4,599	14,512	21,847	353	305,821
<b>Accumulated depreciation</b>							
At 1 January 2019	27,498	1,176	–	11,380	18,505	298	58,857
Charge for the year	1,191	1,160	–	559	868	13	3,791
Disposals	(75)	–	–	(407)	(853)	–	(1,335)
Write off	(530)	–	–	(312)	(5,075)	–	(5,917)
Currency realignment	2,044	(57)	–	382	748	7	3,124
At 31 December 2019	30,128	2,279	–	11,602	14,193	318	58,520
<b>Net carrying amount</b>							
At 31 December 2019	215,025	17,078	4,599	2,910	7,654	35	247,301

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

The Group's cash outflow on acquisition of property, plant and equipment amounted to \$127,000 (2019: \$9,805,000).

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 22, amounted to \$133,050,000 (2019: \$146,735,000).

The fair values of the above land and buildings were determined by independent valuation specialists or Directors in December 2020 and December 2019 using valuation techniques and inputs as disclosed in Note 34(a).

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

	<u>Group</u>	
	<u>2020</u>	<u>2019</u>
	<u>\$'000</u>	<u>\$'000</u>
Freehold land	<b>89,273</b>	91,297
Buildings on freehold land	<b>13,860</b>	15,387
Leasehold land	<b>904</b>	984
Buildings on leasehold land	<b>8,472</b>	9,517
	<b>112,509</b>	117,185

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 11. SUBSIDIARY COMPANIES

	Company	
	2020 \$'000	2019 \$'000
Unquoted shares, at cost	207,778	209,309
Advances to subsidiary companies	231,155	226,388
Less: Allowance for impairment loss	<b>(141,657)</b>	(143,015)
	<b>297,276</b>	292,682
Movement in allowance for impairment loss:		
Balance at beginning	143,015	143,015
Writeback of allowance	<b>(1,358)</b>	-
Balance at end	<b>141,657</b>	143,015

Advances to subsidiary companies represent an extension of investments in the subsidiary companies. They are unsecured and interest free except for an amount of \$12,830,000 (2019: \$7,426,000) which is interest bearing at 2.20% to 3.93% (2019: 3.63% to 4.70%) per annum during the year. They are repayable only when the cash flow of the subsidiary companies permit.

During the year, the Company wrote back impairment loss of \$1,358,000 (2019: Nil) upon deregistration of a subsidiary company.

Name of company	Country of incorporation and place of business	Principal activities	At cost		Percentage of equity held by the Group	
			2020 \$'000	2019 \$'000	2020 %	2019 %
<b>Held by the Company</b>						
LCD Property Management Pte Ltd	Singapore	Property investment	1,903	1,903	100	100
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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 11. SUBSIDIARY COMPANIES (CONTINUED)

Name of company	Country of incorporation and place of business	Principal activities	At cost		Percentage of equity held by the Group	
			2020	2019	2020	2019
			\$'000	\$'000	%	%
<b>Held by the Company</b> (Continued)						
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
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
④ LCD Management Sdn Bhd	Malaysia	Dormant	–	1,531	–	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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Name of company	Country of incorporation and place of business	Principal activities	At cost		Percentage of equity held by the Group	
			2020	2019	2020	2019
			\$'000	\$'000	%	%
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 Global (London) Ltd	United Kingdom	Property investment	#	#	100	100
⑤ 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 41% (2019: 41%) in this company including those held through indirect interest.

# The shareholding in this company is less than \$1,000 and is held indirectly through a subsidiary company of the Company.

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 Audited by Ferguson Maidment & Co., London, United Kingdom.
- ④ This company was voluntarily deregistered during the year.
- ⑤ This company is not required to be audited by law of 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 11. SUBSIDIARY COMPANIES (CONTINUED)

### *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 %	(Loss)/profit 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>2020</b>					
HIRP (Thailand) Limited	Thailand	49	(3,791)	53,715	–
<b>2019</b>					
HIRP (Thailand) Limited	Thailand	49	944	62,633	1,956

### *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	
	2020 \$'000	2019 \$'000
<b>Summarised balance sheet</b>		
Current assets	4,275	8,105
Current liabilities	(6,831)	(9,911)
Net current liabilities	(2,556)	(1,806)
Non-current assets	140,703	156,919
Non-current liabilities	(30,308)	(28,853)
Net non-current assets	110,395	128,066
Net assets	107,839	126,260
<b>Summarised statement of comprehensive income</b>		
Revenue	5,935	22,960
(Loss)/profit before tax	(7,915)	1,504
Income tax expense	(8)	(296)
(Loss)/profit after tax, representing total comprehensive income for the year	(7,923)	1,208
<b>Other summarised information</b>		
Net cash flows (used in)/from operating activities	(6,615)	3,192



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 12. JOINT VENTURE COMPANIES

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

	Group	
	2020 \$'000	2019 \$'000
Knight Frank Pte Ltd, Knight Frank Property Asset Management Pte Ltd and KF Property Network Pte Ltd (collectively, "KF group")	31,438	31,178
Other	1,379	1,316
	<b>32,817</b>	<b>32,494</b>

Name of company	Country of incorporation and place of business	Principal activities	Percentage of equity held by the Group	
			2020 %	2019 %
<b>Held through subsidiary companies</b>				
Knight Frank Pte Ltd	Singapore	Valuers, auctioneers, estate agents and property consultants	55	55
① Xuzhou RE Sales Co., Ltd	People's Republic of China	Real estate agency	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	49	49
KF Property Network Pte Ltd	Singapore	Real estate agency	55	55

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

- ① Audited by Talent Certified Public Accountants Co., Ltd, People's Republic of China.

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

The Group holds a 55% equity interest in Xuzhou YinJian LumChang Real Estate Development Co., Ltd which is incorporated in the People's Republic of China. Its principal activities are property development and investment. On 1 October 2019, the Group reclassified its investment in this joint venture company to asset classified as held for sale.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 12. 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:

	2020 \$'000	2019 \$'000
<b>Summarised balance sheet</b>		
Cash and short-term deposits	28,899	23,915
Other current assets	14,519	17,781
Current assets	43,418	41,696
Non-current assets	20,327	22,226
Total assets	63,745	63,922
Current financial liabilities (excluding trade, other payables and provisions)	1,451	1,084
Other current liabilities	23,085	23,132
Non-current financial liabilities	6,915	8,375
Other non-current liabilities	243	–
Total liabilities	31,694	32,591
Net assets	32,051	31,331
Non-controlling interests	(1,675)	(1,463)
	30,376	29,868
Proportion of the Group's ownership	55%	55%
Group's share of net assets	16,707	16,428
Goodwill on acquisition	9,810	9,810
Other adjustments	4,921	4,940
Carrying amount of the investment	31,438	31,178
<b>Summarised statement of comprehensive income</b>		
Revenue	66,761	87,428
Interest income	49	169
Operating expenses	(60,201)	(79,367)
Depreciation and amortisation	(1,997)	(2,134)
Interest expense	(464)	(384)
Profit before tax	4,148	5,712
Income tax expense	(184)	(999)
Profit after tax, representing total comprehensive income for the year	3,964	4,713

During the year, the Group received dividend amounting to \$2,200,000 (2019: \$3,300,000) from KF group.

Information on the Group's investment in a joint venture company that is not material was as follows:

	Group	
	2020 \$'000	2019 \$'000
Loss after tax, representing total comprehensive income for the year	–	(81)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 13. INVESTMENT SECURITIES

At fair value through other comprehensive income:

	Group	
	2020 \$'000	2019 \$'000
<b>Non-current</b>		
Unquoted equity securities	<b>3,582</b>	4,054
<b>Current</b>		
Quoted debt securities	<b>14,060</b>	7,649

During the year, the Group received dividend amounting to \$58,000 (2019: Nil) from its investment in unquoted equity securities.

At the end of the reporting period, the fair value of the unquoted equity securities decreased by \$472,000 (2019: increased by \$63,000) with the corresponding adjustment to fair value adjustment reserve.

## 14. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES

	Group			
	Balance sheet		Profit or loss	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Deferred tax assets arise as a result of:				
Provisions	<b>357</b>	414	7	(68)
Unrecognised deferred tax assets are disclosed in Note 7.				
Deferred tax liabilities arise as a result of:				
Revaluation of assets				
– to asset revaluation reserve	<b>22,574</b>	24,312	–	–
– to revenue reserve	<b>1,315</b>	1,344	–	–
Provisions	<b>2,927</b>	2,804	<b>69</b>	266
	<b>26,816</b>	28,460		
Deferred tax expense			<b>76</b>	198

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 \$19,975,000 (2019: \$20,192,000) and the related deferred tax liability amount was approximately \$1,998,000 (2019: \$2,019,000).

There are no income tax consequences attached to dividend to shareholders declared by the Company and recognised as a liability in the last year's financial statements (Note 32).

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 15. ASSET CLASSIFIED AS HELD FOR SALE

As detailed in Note 2.4, the Group classified its investment in Xuzhou YinJian LumChang Real Estate Development Co., Ltd, a joint venture company as disclosed in Note 12, as an asset held for sale at its carrying amount of \$53,038,000 (2019: \$50,627,000). The negotiations with the joint venture partner are still ongoing and the sale is expected to take place within the next twelve months.

During the last financial year, the Group disposed of an investment property in respect of the apartment unit in United Kingdom at a loss of \$819,000.

## 16. 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 \$6,000 (2019: \$6,000) 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	
	2020	2019
	\$'000	\$'000
Trade receivables past due but not impaired:		
Up to 30 days	–	5
31 to 60 days	–	1
More than 90 days	<b>6</b>	–
	<b>6</b>	6

The Group had provided an allowance for expected credit losses of \$64,000 (2019: \$4,000) for the impairment of trade receivables as follows:

Trade receivables that are impaired:		
Trade receivables – nominal amounts	<b>64</b>	4
Less: Allowance for impairment	<b>(64)</b>	(4)
	–	–
Balance at beginning	<b>4</b>	53
Charge to profit or loss	<b>60</b>	4
Bad debts written off against provision	–	(55)
Currency realignment	–	2
Balance at end	<b>64</b>	4

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 17. OTHER RECEIVABLES

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Sundry deposits	39	47	-	-
Interest receivable	-	5	3,602	3,599
Others	750	748	9	-
Less: Allowance for impairment loss	-	-	(3,473)	(3,473)
	<b>789</b>	800	<b>138</b>	126
Movement in allowance for impairment loss:				
Balance at beginning and end	-	-	3,473	3,473

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

Allowance for impairment loss of \$3,473,000 (2019: \$3,473,000) was in respect of interest receivable from a subsidiary company.

## 18. AMOUNT DUE FROM A SUBSIDIARY COMPANY

Amount due from a subsidiary company under current assets is non-trade related, unsecured and non-interest bearing. It is repayable in cash within the next twelve months.

## 19. TRADE PAYABLES

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

## 20. OTHER PAYABLES AND ACCRUALS

Accrued expenses	3,495	4,658	303	346
Interest payable	1,106	1,100	6	-
Sundry creditors	479	548	93	101
Amounts due to related parties	4	385	-	385
Accrued development costs	603	1,333	-	-
	<b>5,687</b>	8,024	<b>402</b>	832

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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 21. AMOUNT DUE TO A SUBSIDIARY COMPANY

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.

## 22. LOANS AND BORROWINGS

	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Repayable within 12 months	11,630	3,304	9,175	1,500
Repayable after 12 months	12,921	4,805	2,625	–
	<b>24,551</b>	<b>8,109</b>	<b>11,800</b>	<b>1,500</b>

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

- (i) Three term loans aggregating \$10,751,000 (2019: a term loan of \$6,609,000) secured by a mortgage on the freehold land and buildings owned by a company in the Group bore interest at 2.00% to 3.60% (2019: 3.60%) per annum during the year. A term loan of \$7,708,000 is repayable semi-annually with a minimum sum of \$882,000 and a maximum sum of \$1,103,000 from June 2021 to December 2024 and the remaining sum of \$431,000 repayable in June 2025. A new term loan of \$1,764,000 is repayable quarterly over 4 equal instalments of \$441,000 from December 2021 to September 2022 and the other new term loan of \$1,279,000 is repayable in June 2022.
- (ii) Two revolving credit facilities totalling \$3,000,000 (2019: \$1,500,000) which are unsecured and bore interest at 1.95% to 3.79% (2019: 3.46% to 5.02%) per annum during the year. It is repayable on demand.
- (iii) A drawdown from an existing revolving credit facility of \$5,800,000 secured by a pledge of shares of a company in the Group bore interest at 2.25% to 3.64% per annum during the year. It is repayable on demand.
- (iv) A new term loan of \$3,000,000 which is unsecured and bore interest at 2.50% per annum during the year. It is repayable monthly over 48 equal instalments of \$63,000 from July 2021 to June 2025.
- (v) A new term loan of \$2,000,000 secured by a corporate guarantee of the Company bore interest at 2.50% per annum during the year. It is repayable monthly over 48 equal instalments of \$42,000 from July 2021 to June 2025.

The revolving credit facilities of the Company of \$8,800,000 (2019: \$1,500,000) have no fixed repayment terms. They can be rolled over when due.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

	2019 \$'000	Cash flows \$'000	Foreign exchange movement \$'000	2020 \$'000
Loans and borrowings				
– current	3,304	8,364	(38)	11,630
– non-current	4,805	8,205	(89)	12,921
	<u>8,109</u>	<u>16,569</u>	<u>(127)</u>	<u>24,551</u>

  

	2018 \$'000	Cash flows \$'000	Foreign exchange movement \$'000	2019 \$'000
Loans and borrowings				
– current	48,636	(45,391)	59	3,304
– non-current	–	4,698	107	4,805
	<u>48,636</u>	<u>(40,693)</u>	<u>166</u>	<u>8,109</u>

## 23. SHARE CAPITAL

Ordinary shares of the Company:

	No. of shares		Share capital	
	2020 '000	2019 '000	2020 \$'000	2019 \$'000
Balance at beginning and end	<u>1,055,639</u>	<u>1,055,639</u>	<u>209,518</u>	<u>209,518</u>

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.

## 24. NON-CONTROLLING INTERESTS

Included in non-controlling interests are advances amounting to \$1,470,000 (2019: \$1,710,000) from a non-controlling interest which are unsecured and non-interest bearing. The advances are not due for repayment within the next twelve months.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 25. 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.

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning	<b>50,309</b>	49,575
Net (deficit)/surplus on revaluation of property, plant and equipment	<b>(2,387)</b>	627
Adjustments of deferred tax liabilities	<b>371</b>	107
Transfer from asset revaluation reserve to revenue reserve	<b>(42)</b>	–
Balance at end	<b>48,251</b>	50,309

### (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.

Balance at beginning	<b>6,570</b>	232
Foreign currency translation (loss)/gain	<b>(1,005)</b>	6,338
Balance at end	<b>5,565</b>	6,570

### (c) *Legal reserve*

Pursuant to the laws of the country of incorporation, two (2019: 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.

Balance at beginning and end	<b>30</b>	30
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# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**(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.

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Balance at beginning	<b>(1,004)</b>	(1,024)
Net (loss)/gain on fair value changes of financial assets	<b>(51)</b>	8
Share of reserves of a joint venture company	–	12
Balance at end	<b>(1,055)</b>	(1,004)

**26. CASH AND SHORT-TERM DEPOSITS**

	<b>Group</b>		<b>Company</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Cash and bank balances	<b>8,562</b>	9,838	<b>322</b>	295
Fixed deposits	<b>8,081</b>	13,796	<b>150</b>	202
	<b>16,643</b>	23,634	<b>472</b>	497

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

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash and short-term deposits	<b>16,643</b>	23,634
Less: Fixed deposit pledged	<b>(54)</b>	(49)
	<b>16,589</b>	23,585

The weighted average effective interest rate of the fixed deposits of the Group at the end of the year was 4.06% (2019: 3.94%) per annum.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 27. LEASES

### *As lessee*

The Group has lease contracts for land and office premises. These leases have remaining non-cancellable lease terms of between 3 to 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 equipment which is of low-value. The Group applies the short-term lease and leases of low-value assets recognition exemptions for these leases.

Set out below were the carrying amounts of right-of-use assets recognised and the movements during the year:

	Group		
	Leasehold land \$'000	Office premises \$'000	Total \$'000
<b>2020</b>			
Balance at beginning	889	113	1,002
Depreciation expense	(61)	(55)	(116)
Currency realignment	(13)	(3)	(16)
Balance at end	<b>815</b>	<b>55</b>	<b>870</b>
<b>2019</b>			
As at 1 January 2019	961	158	1,119
Depreciation expense	(60)	(56)	(116)
Currency realignment	(12)	11	(1)
Balance at end	<b>889</b>	<b>113</b>	<b>1,002</b>

Set out below were the carrying amounts of lease liabilities and the movements during the year:

	Group	
	2020 \$'000	2019 \$'000
As at 1 January	1,049	1,119
Accretion of interest	84	87
Payments	(157)	(156)
Currency realignment	(20)	(1)
Balance at end	<b>956</b>	<b>1,049</b>
Current	<b>81</b>	<b>76</b>
Non-current	<b>875</b>	<b>973</b>

The maturity analysis of lease liabilities are disclosed in Note 33.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Amounts recognised in profit or loss:

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Depreciation expense of right-of-use assets	<b>116</b>	116
Interest expense on lease liabilities	<b>84</b>	87
Expenses relating to short-term leases and leases of low-value assets (included in rental expenses)	<b>263</b>	71
Total amount recognised in profit or loss	<b>463</b>	274

Total cash outflow of the Group for leases during the year amounted to \$157,000 (2019: \$156,000).

## ***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>994</b>	1,183
Later than 1 year but not later than 5 years	<b>334</b>	224
	<b>1,328</b>	1,407

## **28. CONTINGENT LIABILITIES**

The Group's contingent liabilities at 31 December 2020 were as follows:

- (a) A corporate guarantee provided by the Company to a bank for a banking facility granted to a subsidiary company for an amount of Sterling Pound 13,500,000 or \$24,328,000 (2019: Sterling Pound 13,500,000 or \$23,842,000), of which no amount has been utilised by the subsidiary company at the end of reporting period.
- (b) A corporate guarantee provided by the Company to a bank for a banking facility granted to a subsidiary company for an amount of \$1,116,000 (2019: \$1,116,000), of which no amount has been utilised by the subsidiary company at the end of reporting period.
- (c) A corporate guarantee provided by the Company to a bank for a term loan granted to a subsidiary company for an amount of \$2,000,000 (2019: Nil).

## **29. CAPITAL COMMITMENTS**

The Group had commitments in respect of property, plant and equipment of \$2,197,000 (2019: \$2,332,000) not provided for in the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 30. 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	
	2020	2019
	\$'000	\$'000
<b>(a) Sale and purchase of goods and services</b>		
<b>Related parties</b>		
<i>AF Corporation Pte Ltd (former immediate and ultimate holding company):</i>		
Interest expense paid	–	(8)
<i>Aspial Corporation Limited and its subsidiary companies:</i>		
Interest income received	786	400
Purchase of investment securities	(8,000)	(2,500)
Corporate service fee paid	(444)	(360)
Rental and maintenance expenses paid	(278)	–
<b>(b) Remuneration of key management personnel</b>		
Salaries and other short-term employee benefits	(745)	(963)
Central Provident Fund contributions	(55)	(60)
Total remuneration paid to key management personnel	(800)	(1,023)

## 31. 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 2020

	Continuing operations			Consolidated \$'000
	Property \$'000	Hotel and serviced residence \$'000	Others \$'000	
<b>2020</b>				
<b>Segment revenue</b>				
Total segment sales	–	9,845	3,792	13,637
Inter-segment sales	–	–	(2,948)	(2,948)
Revenue	–	9,845	844	10,689
Segment results	(486)	(8,590)	(395)	(9,471)
Finance costs	–	(337)	(247)	(584)
Share of results of associated and joint venture companies	2,162	–	–	2,162
Profit/(loss) before taxation	1,676	(8,927)	(642)	(7,893)
Taxation	(45)	(283)	(56)	(384)
Profit/(loss) for the year	1,631	(9,210)	(698)	(8,277)
Segment assets	666	247,659	540	248,865
Asset classified as held for sale	53,038	–	–	53,038
Investment in joint venture companies	32,817	–	–	32,817
Investment securities	–	–	17,642	17,642
Deferred tax assets	–	357	–	357
Total assets	86,521	248,016	18,182	352,719
Segment liabilities	876	6,068	415	7,359
Loans and borrowings	–	12,751	11,800	24,551
Tax liabilities	98	26,842	128	27,068
Total liabilities	974	45,661	12,343	58,978
Other segment information:				
Capital expenditures	–	127	–	127
Depreciation of property, plant and equipment	–	4,674	–	4,674
Depreciation of right-of-use assets	–	116	–	116
Amortisation expenses	–	3	–	3
Interest income	–	533	790	1,323
Property, plant and equipment written off	–	4	–	4

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 31. SEGMENT INFORMATION (CONTINUED)

	Continuing operations			Discontinued operation and disposal group held for sale	Consolidated \$'000	
	Property \$'000	Hotel and serviced residence \$'000	Others \$'000	Hotel and serviced residence \$'000		
<b>2019</b>						
<b>Segment revenue</b>						
Total segment sales	–	27,866	120,806	148,672	4,259	152,931
Inter-segment sales	–	–	(120,406)	(120,406)	–	(120,406)
Revenue	–	27,866	400	28,266	4,259	32,525
Segment results	(1,943)	1,620	(905)	(1,228)	20,994	19,766
Finance costs	–	(119)	(868)	(987)	(330)	(1,317)
Share of results of associated and joint venture companies	3,033	–	(2)	3,031	–	3,031
Profit/(loss) before taxation	1,090	1,501	(1,775)	816	20,664	21,480
Taxation	4	(1,151)	(39)	(1,186)	(13)	(1,199)
Profit/(loss) for the year	1,094	350	(1,814)	(370)	20,651	20,281
Segment assets	472	272,989	571	274,032	–	274,032
Asset classified as held for sale	50,627	–	–	50,627	–	50,627
Investment in joint venture companies	32,494	–	–	32,494	–	32,494
Investment securities	–	–	11,703	11,703	–	11,703
Deferred tax assets	–	373	41	414	–	414
Total assets	83,593	273,362	12,315	369,270	–	369,270
Segment liabilities	563	10,131	11,402	22,096	–	22,096
Loans and borrowings	–	6,609	1,500	8,109	–	8,109
Tax liabilities	53	28,814	39	28,906	–	28,906
Total liabilities	616	45,554	12,941	59,111	–	59,111
Other segment information:						
Capital expenditures	–	9,767	–	9,767	38	9,805
Depreciation of property, plant and equipment	–	3,791	–	3,791	–	3,791
Depreciation of right-of-use assets	–	116	–	116	–	116
Amortisation expenses	–	3	–	3	–	3
Interest income	6	565	404	975	6	981
Property, plant and equipment written off	–	51	–	51	26	77

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 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	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Singapore	844	400	31,541	31,296
Thailand	5,935	22,960	211,459	229,831
Vietnam	2,116	2,192	8,840	8,334
Lao People's Democratic Republic	1,794	2,714	10,632	10,059
People's Republic of China	–	–	1,379	1,316
United Kingdom	–	4,259	–	–
Discontinued operation	–	(4,259)	–	–
	<b>10,689</b>	<b>28,266</b>	<b>263,851</b>	<b>280,836</b>

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

## Information about major customers

There was no concentration of revenue derived from any single customer for the years ended 31 December 2020 and 31 December 2019.

## 32. DIVIDENDS

	Group and Company	
	2020 \$'000	2019 \$'000
<b>Declared and paid during the year</b>		
<i>Dividends on ordinary shares:</i>		
Special dividend for 2018 of 0.75 cent per share	–	7,918
Final dividend for 2018 of 0.50 cent per share	–	5,278
Special dividend for 2019 of 5.50 cents per share	–	58,060
	–	71,256
<b>Declared and recognised as a liability as at 31 December</b>		
<i>Dividend on ordinary shares:</i>		
Special dividend for 2019 of 1.00 cent per share	–	10,556

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 33. 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.

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 (loss)/profit before taxation assuming all other variables are held constant.

	Group	
	Increase by 100bp Increase/(Decrease) \$'000	Decrease by 100bp Increase/(Decrease) \$'000
<b>2020</b>		
<b>Loss before taxation</b>		
Fixed deposits	81	(81)
Loans and borrowings	(246)	246
	<b>(165)</b>	<b>165</b>
<b>2019</b>		
<b>Profit before taxation</b>		
Fixed deposits	138	(138)
Loans and borrowings	(81)	81
	57	(57)

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



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**(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.

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

	<b>Group</b>			
	<b>Singapore Dollar \$'000</b>	<b>United States Dollar \$'000</b>	<b>Thai Baht \$'000</b>	<b>Others \$'000</b>
<b>2020</b>				
<b>Financial asset</b>				
Cash and short-term deposits	–	1,374	639	107
<b>Financial liabilities</b>				
Other payables and accruals	(372)	(71)	–	(733)
Lease liabilities	–	(897)	–	–
Net financial (liabilities)/assets	<u>(372)</u>	<u>406</u>	<u>639</u>	<u>(626)</u>
<b>2019</b>				
<b>Financial asset</b>				
Cash and short-term deposits	–	2,099	656	197
<b>Financial liabilities</b>				
Other payables and accruals	(372)	(91)	–	(470)
Lease liabilities	–	(933)	–	–
Net financial (liabilities)/assets	<u>(372)</u>	<u>1,075</u>	<u>656</u>	<u>(273)</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 (loss)/profit before taxation.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### (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, 47% (2019: 41%) of the Group's loans and borrowings will mature within one year based on the carrying amounts reflected in the financial statements.

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.

	2020				2019			
	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	14,060	–	3,582	17,642	7,649	–	4,054	11,703
Trade and other receivables	823	–	–	823	1,579	–	–	1,579
Cash and short-term deposits	16,643	–	–	16,643	23,634	–	–	23,634
Total undiscounted financial assets	31,526	–	3,582	35,108	32,862	–	4,054	36,916
<b>Financial liabilities</b>								
Trade and other payables	6,403	–	–	6,403	10,491	–	–	10,491
Lease liabilities	225	587	834	1,646	231	660	945	1,836
Loans and borrowings	12,281	13,549	–	25,830	3,585	5,765	–	9,350
Dividend payable	–	–	–	–	10,556	–	–	10,556
Total undiscounted financial liabilities	18,909	14,136	834	33,879	24,863	6,425	945	32,233
Total net undiscounted financial assets/(liabilities)	12,617	(14,136)	2,748	1,229	7,999	(6,425)	3,109	4,683

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	2020				2019			
	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>Company</b>								
<b>Financial assets</b>								
Subsidiary companies	-	-	103,295	103,295	-	-	98,485	98,485
Other receivables	138	-	-	138	126	-	-	126
Amount due from a subsidiary company	-	-	-	-	7,507	-	-	7,507
Cash and short-term deposits	472	-	-	472	497	-	-	497
Total undiscounted financial assets	610	-	103,295	103,905	8,130	-	98,485	106,615
<b>Financial liabilities</b>								
Other payables and accruals	402	-	-	402	832	-	-	832
Amount due to a subsidiary company	-	-	18,971	18,971	-	-	22,999	22,999
Loans and borrowings	9,454	2,740	-	12,194	1,560	-	-	1,560
Dividend payable	-	-	-	-	10,556	-	-	10,556
Total undiscounted financial liabilities	9,856	2,740	18,971	31,567	12,948	-	22,999	35,947
Total net undiscounted financial (liabilities)/assets	(9,246)	(2,740)	84,324	72,338	(4,818)	-	75,486	70,668

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 33. 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 2020

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 16 and 17 is not significant.

(ii) Quoted debt and unquoted equity 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 computed 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.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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

### (d) Credit risk (Continued)

- (ii) Quoted debt and unquoted equity securities at fair value through other comprehensive income (Continued)

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:

<u>Category</u>	<u>Definition of category</u>	<u>Basis for recognition of expected credit loss provision</u>
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 2020, the gross carrying amounts of quoted debt and unquoted equity securities were \$14,060,000 (2019: \$7,649,000) and \$3,582,000 (2019: \$4,054,000) respectively. There is no loss allowance (2019: Nil) provided as the expected credit loss is not significant.

### **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:

	<b>Group</b>			
	<b>2020</b>		<b>2019</b>	
	<b>\$'000</b>	<b>% of total</b>	<b>\$'000</b>	<b>% of total</b>
Hotel and serviced residence	<b>34</b>	<b>100</b>	779	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 investment 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 Note 16.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

**(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 will have minimal impact on the Group's other comprehensive income.

## **34. 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 2020

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

### (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>2020</b>				
<b>Group</b>				
<b>Non-financial asset</b>				
Property, plant and equipment (Note 10)	–	–	217,620	217,620
<b>Financial assets</b>				
Investment securities (Note 13)				
– Unquoted equity securities	–	–	3,582	3,582
– Quoted debt securities	14,060	–	–	14,060
	<u>14,060</u>	<u>–</u>	<u>–</u>	<u>14,060</u>
<b>2019</b>				
<b>Group</b>				
<b>Non-financial asset</b>				
Property, plant and equipment (Note 10)	–	–	232,103	232,103
<b>Financial assets</b>				
Investment securities (Note 13)				
– Unquoted equity securities	–	–	4,054	4,054
– Quoted debt securities	7,649	–	–	7,649
	<u>7,649</u>	<u>–</u>	<u>–</u>	<u>7,649</u>

### *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 2020

## 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>2020</b>				
Property, plant and equipment	151,383	Income approach	Discounted rate	9.00%-15.00% per annum
Property, plant and equipment	66,237	Market comparable approach	Yield adjustments based on management's assumptions*	5.00%-47.00% per annum
Unquoted equity securities	3,582	Market comparison technique	Adjusted market multiple	0.90-7.08 Price-to-book value ratio
<b>2019</b>				
Property, plant and equipment	163,812	Income approach	Discounted rate	10.00%-10.50% per annum
Property, plant and equipment	68,291	Market comparable approach	Yield adjustments based on management's assumptions*	5.00%-47.00% per annum
Unquoted equity securities	4,054	Market comparison technique	Adjusted market multiple	0.80-2.90 Price-to-book value ratio and 15.52-95.57 Price-to-earnings 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 2020

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

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

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

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

The key assumptions used in fair value measurements are based on the relevant market conditions prevailing at reporting date which may change significantly or unexpectedly after the reporting date given the increase in the level of estimation uncertainty caused by COVID-19 pandemic.

A significant decrease (increase) in the discount rate would result in a significantly higher (lower) fair value of the property, plant and equipment.

A significant increase (decrease) in the adjusted market multiple would result in a significantly higher (lower) fair value of the unquoted equity securities.

##### (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>Property, plant and equipment</b>	
Balance at 1 January 2020	232,103
Additions	11
Depreciation	(2,339)
Net (deficit)/surplus on revaluation	(6,088)
Currency realignment	(6,067)
Balance at 31 December 2020	<u>217,620</u>
Balance at 1 January 2019	219,972
Additions	99
Depreciation	(2,351)
Surplus on revaluation	627
Currency realignment	13,756
Balance at 31 December 2019	<u>232,103</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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 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, dividend payable, 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 liabilities reflect the corresponding fair values because they are repriced to or approximate the market interest rates near the end of the reporting period.

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

Advances to subsidiary companies have no fixed repayment term and are repayable only when the cash flow of the respective subsidiary companies permit. Accordingly, fair values are not determinable as the timing of the repayment cannot be estimated reliably.

It is also not practicable to determine the fair value of the amount due from or to a subsidiary company with sufficient reliability since they have no fixed repayment term and are repayable only when the cash flow of the subsidiary company or Company permits. Accordingly, these amounts are carried at cost.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 35. CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Assets at amortised cost \$'000	Fair value through other comprehensive income \$'000	Non-financial assets \$'000	Total \$'000
<b>2020</b>				
<b>Group</b>				
<b>Assets</b>				
<b>Non-current</b>				
Property, plant and equipment	–	–	230,128	230,128
Right-of-use assets	–	–	870	870
Intangible assets	–	–	36	36
Investment securities	–	3,582	–	3,582
Deferred tax assets	–	–	357	357
<b>Current</b>				
Investment securities	–	14,060	–	14,060
Inventories	–	–	154	154
Trade and other receivables	823	–	–	823
Prepayments	–	–	211	211
Cash and short-term deposits	16,643	–	–	16,643
Asset classified as held for sale	–	–	53,038	53,038
	<b>17,466</b>	<b>17,642</b>	<b>284,794</b>	<b>319,902</b>
		Liabilities at amortised cost \$'000	Non-financial liabilities \$'000	Total \$'000
<b>2020</b>				
<b>Group</b>				
<b>Liabilities</b>				
<b>Current</b>				
Trade and other payables		6,403	–	6,403
Provision for taxation		–	252	252
Lease liabilities		81	–	81
Loans and borrowings		11,630	–	11,630
<b>Non-current</b>				
Lease liabilities		875	–	875
Loans and borrowings		12,921	–	12,921
Deferred tax liabilities		–	26,816	26,816
		<b>31,910</b>	<b>27,068</b>	<b>58,978</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Assets at amortised cost \$'000	Fair value through other comprehensive income \$'000	Non-financial assets \$'000	Total \$'000
<b>2019</b>				
<b>Group</b>				
<b>Assets</b>				
<b>Non-current</b>				
Property, plant and equipment	–	–	247,301	247,301
Right-of-use assets	–	–	1,002	1,002
Intangible assets	–	–	39	39
Investment securities	–	4,054	–	4,054
Deferred tax assets	–	–	414	414
<b>Current</b>				
Investment securities	–	7,649	–	7,649
Inventories	–	–	224	224
Trade and other receivables	1,579	–	–	1,579
Prepayments	–	–	253	253
Cash and short-term deposits	23,634	–	–	23,634
Asset classified as held for sale	–	–	50,627	50,627
	<u>25,213</u>	<u>11,703</u>	<u>299,860</u>	<u>336,776</u>
		<b>Liabilities at amortised cost \$'000</b>	<b>Non-financial liabilities \$'000</b>	<b>Total \$'000</b>
<b>2019</b>				
<b>Group</b>				
<b>Liabilities</b>				
<b>Current</b>				
Trade and other payables		10,491	–	10,491
Provision for taxation		–	446	446
Lease liabilities		76	–	76
Loans and borrowings		3,304	–	3,304
Dividend payable		10,556	–	10,556
<b>Non-current</b>				
Lease liabilities		973	–	973
Loans and borrowings		4,805	–	4,805
Deferred tax liabilities		–	28,460	28,460
		<u>30,205</u>	<u>28,906</u>	<u>59,111</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 35. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONTINUED)

	Assets at amortised cost \$'000	Non-financial asset \$'000	Total \$'000
<b>2020</b>			
<b>Company</b>			
<b>Assets</b>			
<b>Non-current</b>			
Subsidiary companies	103,295	–	103,295
<b>Current</b>			
Other receivables	138	–	138
Prepayments	–	5	5
Cash and short-term deposits	472	–	472
	<u>103,905</u>	<u>5</u>	<u>103,910</u>
	<b>Liabilities at amortised cost \$'000</b>	<b>Non-financial liability \$'000</b>	<b>Total \$'000</b>
<b>2020</b>			
<b>Company</b>			
<b>Liabilities</b>			
<b>Current</b>			
Other payables and accruals	402	–	402
Provision for taxation	–	30	30
Loans and borrowings	9,175	–	9,175
<b>Non-current</b>			
Amount due to a subsidiary company	18,971	–	18,971
Loans and borrowings	2,625	–	2,625
	<u>31,173</u>	<u>30</u>	<u>31,203</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	<b>Assets at amortised cost \$'000</b>	<b>Non-financial asset \$'000</b>	<b>Total \$'000</b>
<b>2019</b>			
<b>Company</b>			
<b>Assets</b>			
<b>Non-current</b>			
Subsidiary companies	98,485	–	98,485
<b>Current</b>			
Other receivables	126	–	126
Prepayments	–	4	4
Amounts due from subsidiary companies	7,507	–	7,507
Cash and short-term deposits	497	–	497
	<u>106,615</u>	<u>4</u>	<u>106,619</u>
	<b>Liabilities at amortised cost \$'000</b>	<b>Non-financial liability \$'000</b>	<b>Total \$'000</b>
<b>2019</b>			
<b>Company</b>			
<b>Liabilities</b>			
<b>Current</b>			
Other payables and accruals	832	–	832
Provision for taxation	–	28	28
Loans and borrowings	1,500	–	1,500
Dividend payable	10,556	–	10,556
<b>Non-current</b>			
Amount due to a subsidiary company	22,999	–	22,999
	<u>35,887</u>	<u>28</u>	<u>35,915</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

## 36. 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 2020 and 31 December 2019.

As disclosed in Note 25, two (2019: 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 2020 and 31 December 2019.

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 liabilities less fixed deposits and cash and bank balances.

	<b>Group</b>	
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Loans and borrowings (Note 22)	<b>24,551</b>	8,109
Lease liabilities (Note 27)	<b>956</b>	1,049
Less: Fixed deposits (Note 26)	<b>(8,081)</b>	(13,796)
Less: Cash and bank balances (Note 26)	<b>(8,562)</b>	(9,838)
Net debt/(cash)	<b>8,864</b>	(14,476)
Total equity	<b>293,741</b>	310,159
Gearing ratio (times)	<b>0.03</b>	NA

NA: Not applicable.

## 37. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Directors on 25 March 2021.



# STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2021

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	%	No. of Shares	% <sup>(1)</sup>
1 – 99	260	3.15	10,305	0.00
100 – 1,000	1,302	15.76	745,148	0.07
1,001 – 10,000	3,891	47.11	17,317,740	1.64
10,001 – 1,000,000	2,775	33.60	129,220,500	12.24
1,000,001 and above	31	0.38	908,345,771	86.05
	<b>8,259</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. DBS Nominees (Private) Limited	304,367,297	28.83
2. Koh Wee Meng	228,890,000	21.68
3. RHB Bank Nominees Pte Ltd	100,000,000	9.47
4. Sing Investments & Finance Nominees (Pte) Ltd	75,647,892	7.17
5. Aspial Corporation Limited	52,484,293	4.97
6. Hong Leong Finance Nominees Pte Ltd	22,985,456	2.18
7. United Overseas Bank Nominees (Private) Limited	18,814,199	1.78
8. Lim Wan Looi	14,252,500	1.35
9. Maybank Kim Eng Securities Pte Ltd	12,800,229	1.21
10. Phillip Securities Pte Ltd	11,050,350	1.05
11. Citibank Nominees Singapore Pte Ltd	9,089,284	0.86
12. Morph Investments Ltd	8,200,000	0.78
13. OCBC Nominees Singapore Private Limited	6,121,041	0.58
14. Ko Lee Meng	4,761,280	0.45
15. Fragrance Group Limited	4,307,851	0.41
16. Tan Su Kiok or Sia Li Wei Jolie (She Liwei Jolie)	3,322,930	0.31
17. Jimmy Lee Peng Siew	3,218,280	0.30
18. Quek Siew Suah	3,100,000	0.29
19. Ang Hao Yao (Hong Haoyao)	2,689,879	0.25
20. UOB Kay Hian Private Limited	2,552,892	0.24
	<b>888,655,653</b>	<b>84.16</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2021

## 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	330,628,588 <sup>(4)</sup>	31.32

Based on information available to the Company as at 15 March 2021, approximately 22.37% 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 4,363,588 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, Cap. 50.

# NOTICE OF ANNUAL GENERAL MEETING

## AF GLOBAL LIMITED

Company Registration Number: 197301118N

(Incorporated in the Republic of Singapore)

NOTICE IS HEREBY GIVEN that the **48<sup>th</sup> Annual General Meeting** of AF Global Limited (the “**Company**”) will be convened and held by way of electronic means via a “live” audio-visual webcast or a “live” audio-only stream (via telephone) on **Thursday, 29 April 2021 at 11.00 a.m.** for the purpose of transacting the following business:

### AS ROUTINE BUSINESS:

1. To receive and adopt the audited financial statements for the financial year ended 31 December 2020, the Directors’ statement and the external auditor’s report thereon.

**(Ordinary Resolution 1)**

2. To approve the payment of Directors’ fees of S\$192,589 for the financial year ended 31 December 2020 (FY2019: \$217,000).

**(Ordinary Resolution 2)**

3. 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 where applicable, 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 Woo Peng Kong (retiring under Regulation 89 and Rule 720(5))

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

- (b) Mr Yeo Wee Kiong (retiring under Regulation 89)

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

*Note: Mr Woo Peng Kong, an Independent Non-Executive Director, when re-elected, will remain as an Independent Non-Executive Director, Chairman of the Audit Committee and members of the Nominating Committee and Remuneration Committee respectively and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.*

*Mr Yeo Wee Kiong, an Independent Non-Executive Director, when re-elected, will remain as an Independent Non-Executive Director, Chairman of the Remuneration Committee and member of the Audit Committee respectively and will be considered independent pursuant to Rule 704(8) of the Listing Manual of the SGX-ST.*

*(See Explanatory Note 1)*

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

**(Ordinary Resolution 4)**

# NOTICE OF ANNUAL GENERAL MEETING

## AS SPECIAL BUSINESS:

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

### 5. Authority to allot and issue Shares and/or Instruments

"That pursuant to Section 161 of the Companies Act, Cap. 50 of Singapore (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 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 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 Act, the Constitution of the Company and the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST); 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."

*(See Explanatory Note 2)*

**(Ordinary Resolution 5)**

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

"That:

- (a) for the purposes of Sections 76C and 76E of the Companies Act, Cap. 50 of Singapore (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

# NOTICE OF ANNUAL GENERAL MEETING

“**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;

“**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.”

*(See Explanatory Note 3)*  
**(Ordinary Resolution 6)**

## 7. Any other business

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

## BY ORDER OF THE BOARD

**LIM SWEE ANN**

Company Secretary

Singapore  
14 April 2021

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes to the Ordinary Resolutions:

- Detailed information on these Directors can be found under the sections entitled 'Board of Directors' and 'Corporate Governance' in the Company's Annual Report 2020.
- The Ordinary Resolution 5 proposed in item 5 above, if passed, will empower the Directors of the Company from the date of the passing of Ordinary Resolution 5 until the date of the next Annual General Meeting ("**AGM**") of the Company or the date by which the next AGM 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 5) shall not exceed 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 5. 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 5) shall not exceed 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 5. The authority conferred by Ordinary Resolution 5 will, unless varied or revoked by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM 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 circulated 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 new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards and any subsequent bonus issue, consolidation or subdivision of Shares.
- The Ordinary Resolution 6 proposed in item 6 above relates to the renewal of the Share Purchase Mandate. Please refer to the Appendix to the Notice of AGM dated 14 April 2021 for further details.

## Notes to Notice of Annual General Meeting:

- This AGM is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice will NOT be sent to members. Instead, this Notice will be sent to members solely by electronic means via publication on 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>.
- Alternative arrangements relating to members' including CPF or SRS investors' participation at the AGM are:
  - observing and/or listening to the AGM proceedings contemporaneously via a "live" audio-visual webcast or a "live" audio-only stream (via telephone) respectively;
  - submitting questions in advance in relation to any resolution set out in the Notice of AGM; and
  - appointing the Chairman of the AGM as proxy to attend, speak and vote on their behalf at the AGM.
- Members including CPF or SRS investors who wish to participate at the AGM by observing and/or listening to the proceedings of the AGM through a "live" audio-visual webcast or a "live" audio-only stream (via telephone) MUST register online at the URL [https://rebrand.ly/AFG\\_AGM21](https://rebrand.ly/AFG_AGM21) by **11.00 a.m. on 26 April 2021** (the "**Registration Deadline**") to enable the Company to verify your members' status.

Following the verification and upon the closure of registration, authenticated members will receive an email confirmation containing:

- the link and a password to access the "live" audio-visual webcast; and
- a dial-in number with unique pin to access the "live" audio-only stream (via telephone) of the proceedings of the AGM.

Members must not forward the abovementioned email confirmation to other persons who are not entitled to attend the AGM. This is to avoid any technical disruptions or overload to the "live" audio-visual webcast or the "live" audio-only stream (via telephone).

Members who register by the Registration Deadline but do not receive an email confirmation by **11.00 a.m. on 28 April 2021** may contact the Company's technical support by email at [easyvideoa@gmail.com](mailto:easyvideoa@gmail.com) for assistance.

- Persons who hold shares of the Company through relevant intermediaries (as defined in section 181 of the Companies Act, Chapter 50), excluding CPF or SRS investors, and who wish to participate in the AGM should contact their relevant intermediary through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.
- Members will NOT be able to ask questions during the AGM via a "live" audio-visual webcast or a "live" audio-only stream (via telephone), and therefore it is important for shareholders to submit their questions in advance of the AGM.

Members including CPF or SRS investors may submit any questions related to the resolutions set out in the Notice of AGM to be tabled for approval at the AGM by email to [AFGlobalAGM@afgl.com.sg](mailto:AFGlobalAGM@afgl.com.sg) **no later than 11.00 a.m. on 22 April 2021** (the "**Submission Deadline**"), together with your full name, national registration identity card number and email address.

Management and the Board of Directors of the Company will endeavour to address all substantial and relevant questions received from members relating to the resolutions set out in the Notice of AGM to be tabled at the AGM prior to the AGM by publishing the responses to those questions on the SGX's website at the URL <https://www.sgx.com/securities/company-announcements>; or at the AGM via "live" audio-visual webcast or "live" audio-only stream (via telephone).

The minutes of the AGM, will thereafter be published on (i) the SGX's website at the URL <https://www.sgx.com/securities/company-announcements>; and (ii) the Company's corporate website at the URL <https://www.afgl.com.sg> within 1 month after the date of the AGM.

# NOTICE OF ANNUAL GENERAL MEETING

6. **Due to the current COVID-19 situation and related safe distancing measures, a member will not be able to attend the AGM in person. A member (whether individual or corporate) MUST appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** The accompanying Proxy Form for the AGM 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 Proxy Form; failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid. CPF 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 by **5.00 p.m. on 19 April 2021**.
7. The Chairman of the AGM, as proxy, need not be a member of the Company.
8. The Proxy Form appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:
- if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at **50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623**; or
  - if submitted electronically, be submitted via email to [AFGlobalAGM@afgl.com.sg](mailto:AFGlobalAGM@afgl.com.sg),
- in either case, by **11.00 a.m. on 26 April 2021** (being not less than 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.
- In view of the current COVID-19 situation and related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.**
9. The Annual Report for the financial year ended 31 December 2020 ("**Annual Report 2020**"), the Notice of AGM dated 14 April 2021, 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:
- the Annual Report 2020 may be accessed by clicking on "**Annual Report 2020**"; and
  - the Notice of AGM, the Appendix to the Notice of AGM and the Proxy Form may be accessed by clicking on "**AGM Documents**".

## Personal data privacy:

By (a) submitting the 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, or (b) submitting details for the registration to observe the proceedings of the AGM via a "live" audio-visual webcast or a "live" audio-only stream (via telephone), or (c) submitting question in advance in relation to any resolution set out in the Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- processing and administration by the Company (or its agents or service providers) of Proxy Forms appointing the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the proceedings of the AGM via a "live" audio-visual webcast or a "live" audio-only stream (via telephone) and providing them with any technical assistance where necessary;
- addressing all substantial and relevant questions from members relating to the resolutions set out in the Notice of AGM to be tabled for approval at the AGM prior to the AGM and if necessary, following up with the relevant members in relation to such questions; and
- enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she propose/second) may be recorded by the Company for such purpose.



**Proxy Form for Annual General Meeting  
AF Global Limited**

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

**IMPORTANT NOTICE:**

1. The Annual General Meeting (“AGM”) is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM will NOT be sent to members. Instead, the Notice of AGM will be sent to members solely by electronic means via publication on the Company’s corporate website at the URL <https://www.afgl.com.sg> and will also be available on the SGX’s website at the URL <https://www.sgx.com/securities/company-announcements>.
2. Alternative arrangements relating to attendance at the AGM by way of electronic means via a “live” audio-visual webcast or a “live” audio-only stream (via telephone), submission of questions to the Chairman of the AGM in advance in relation to any resolution set out in the Notice of AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the AGM as proxy at the AGM, are set out in the accompanying Company’s announcement dated 14 April 2021. This announcement 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>.
3. **Due to the current COVID-19 situation and related safe distancing measures, a member will not be able to attend the AGM in person. A member (whether individual or corporate) MUST appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.**
4. 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 this Proxy Form.

**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 the Chairman of the AGM as my/our proxy to attend, speak and to vote for me/us on my/our behalf at the 48<sup>th</sup> Annual General Meeting of the Company to be convened and held by way of electronic means via a “live” audio-visual webcast or a “live” audio-only stream (via telephone) on **Thursday, 29 April 2021 at 11.00 a.m.** and at any adjournment thereof.

*(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 adopt the audited financial statements for the financial year ended 31 December 2020, the Directors’ statement and the external auditor’s report thereon			
2.	To approve the payment of Directors’ fees of S\$192,589 for the financial year ended 31 December 2020			
3(a).	To re-elect Woo Peng Kong 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 Yeo Wee Kiong who retires as a Director of the Company by rotation pursuant to Regulation 89 of the Constitution of the Company			
4.	To re-appoint Ernst & Young LLP as the external auditor of the Company and to authorise the Directors of the Company to fix their remuneration			
5.	To approve the authority to allot and issue Shares and/or Instruments			
6.	To approve the renewal of the Share Purchase Mandate			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

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. If the member has shares entered against his/her name in the Depository Register (maintained by The Central Depository (Pte) Limited), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members (maintained by or on behalf of the Company), he/she should insert that number of shares. If the member has shares entered against his/her name in the Depository Register and shares registered in his name in the Register of Members, he/she should insert the aggregate number of shares. If no number is inserted, this Proxy Form will be deemed to relate to all the shares held by the member.
2. **Due to the current COVID-19 situation and related safe distancing measures, a member will not be able to attend the Annual General Meeting ("AGM") in person. A member (whether individual or corporate) MUST appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM.** 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 Proxy Form; failing which, the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

CPF 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 by **5.00 p.m. on 19 April 2021**.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.
4. The Proxy Form appointing the Chairman of the AGM as proxy must be submitted to the Company in the following manner:
  - (a) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at **50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623**; or
  - (b) if submitted electronically, be submitted via email to [AFGlobalAGM@afgl.com.sg](mailto:AFGlobalAGM@afgl.com.sg), in either case, by **11.00 a.m. on 26 April 2021** (being not less than 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.

**In view of the current COVID-19 situation and related safe distancing measures which may make it difficult for members to submit completed Proxy Forms by post, members are strongly encouraged to submit completed Proxy Forms electronically via email.**

5. The Proxy Form 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 Proxy Form appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the Proxy Form appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the Proxy Form appointing the Chairman of the AGM as proxy is submitted by post, be lodged with the Proxy Form or, if the Proxy Form appointing the Chairman of the AGM as proxy is submitted electronically via email, be emailed with the Proxy Form; failing which, the Proxy Form may be treated as invalid.
6. The Company shall be entitled to reject the Proxy Form 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 Proxy Form appointing the Chairman of the AGM as proxy (including any related attachment). In addition, in the case of shares entered in the Depository Register, the Company may reject any Proxy Form appointing the Chairman of the AGM as proxy lodged or submitted if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 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 (a) 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, or (b) submitting details for the registration to observe the proceedings of the AGM via a "live" audio-visual webcast or a "live" audio-only stream (via telephone), or (c) submitting question in advance in relation to any resolution set out in the Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents or service providers) of Proxy Forms appointing the Chairman of the AGM as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to observe the proceedings of the AGM via a "live" audio-visual webcast or a "live" audio-only stream (via telephone) and providing them with any technical assistance where necessary;
- (iii) addressing all substantial and relevant questions received from members relating to the resolutions set out in the Notice of AGM to be tabled for approval at the AGM prior to the AGM, following up with the relevant members in relation to such questions; and
- (iv) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she propose/second) may be recorded by the Company for such purpose.



**AF GLOBAL LIMITED**

Registration no. 197301118N

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