



WORLD CLASS GLOBAL

ANNUAL REPORT
2020

CONTENTS

01	About Us	12	Corporate Governance Report
02	Chairman's Statement	39	Notice to Shareholders
04	Operating and Financial Review	43	Financial Report
07	Board of Directors	105	Statistics of Shareholdings
09	Key Executive Officers	107	Notice of Annual General Meeting
11	Corporate Information		Proxy Form

This annual report has been prepared by World Class Global Limited (the "Company") and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made, or reports contained in this annual report.

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

ABOUT US

World Class Global Limited is a real estate company that undertakes property development and property investment in major cities in Australia and Malaysia. In Australia, our Melbourne development projects include *Australia 108* and *AVANT* (which was completed in 2020 and 2018, respectively). We have also successfully launched *Nova City* in Cairns.

We hold various land parcels in Penang, Malaysia, which comprise mainly shophouses within UNESCO sites. We have completed the refurbishment, upgrading and building works of the existing properties on some of these land parcels and we currently have seven hotels in operation. We will continue with the construction of other developments in Penang, Malaysia.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

2020 was an extremely challenging year marked by an unprecedented health crisis with the outbreak of the COVID-19 pandemic. In response, governments worldwide imposed safe management measures and restrictive border controls to contain the pandemic. As a result, the economies of all countries were adversely impacted.

For the financial year ended 31 December ("FY") 2020, the Group recognised revenue of S\$169.5 million, as compared to S\$205.4 million in FY2019, following the settlements by purchasers of *Australia 108*, in the absence of settlements by purchasers of *AVANT* in FY2020. As at 31 December 2020, the Group has a balance of approximately S\$240.0 million of unbilled sales from existing contracts from its on-going projects. The unbilled sales will be recognised as revenue upon settlement of the contracts.

Notwithstanding the challenging business environment, the Group managed to deliver a profit before tax of S\$10.0 million in FY2020, as compared to S\$22.9 million in FY2019.

During FY2020, we achieved full completion of *Australia 108* in Melbourne, Australia on 30 October 2020 to become the tallest residence in the Southern Hemisphere standing at 319 metres. This marked the completion of our second residential development in Australia. Our other freehold iconic residential development, *AVANT* in Melbourne, Australia was completed in 2018 and 100% sold and settled as of to-date.

Besides Australia, our portfolio includes hotel, shophouses and land parcels within UNESCO sites in Penang, Malaysia. We have completed the refurbishment, upgrading and building works of some of the existing properties and we currently have seven boutique hotels, comprising 72 hotel keys, in operation. In addition, we currently have four hotels under construction since 2019. The completion of the aforementioned hotels, which comprise about 280 keys, has been delayed to the second half of 2021 due to the COVID-19 pandemic.

In view of the ongoing COVID-19 pandemic situation, the business environment in the year ahead remains challenging with ensuing global and domestic economic uncertainties.

Although challenges remain due to the COVID-19 pandemic situation, there is growing optimism on the impending economic recovery driven by the launch of the vaccination programme in advanced economies. We will continue to manage our finances prudently as we poise ourselves for recovery.

On 12 March 2021, the Company and its parent company, Aspial Corporation Limited (the "Offeror") jointly announced the proposed acquisition of all the issued ordinary shares in the capital of the Company by the Offeror, by way of a scheme of arrangement (the "Scheme"). The Scheme is an opportunity for shareholders of the Company to exit their investment in the Company while continuing to participate in the future prospects of the enlarged Offeror group. This may otherwise be difficult due to the low trading liquidity of the Company's shares and the challenging global and domestic economic outlook brought about by the COVID-19 pandemic.

On behalf of the Board of Directors, I would like to express our appreciation to all our Directors, management and staff for their commitment and contribution towards World Class Global. I would also like to thank our valued shareholders for their staunch support in us. We will continue to journey on and steer the Group to attain greater achievements.

KOH WEE SENG

Non-Executive Chairman



CHAIRMAN'S STATEMENT



OPERATING AND FINANCIAL REVIEW

For the financial year ended 31 December (“FY”) 2020, the Group recorded a 17% decrease in revenue to S\$169.5 million, as compared to S\$205.4 million in FY2019. This was attributed to the settlements by purchasers of *Australia 108* in the absence of settlements by purchasers of *AVANT*, which was fully sold in FY2019 upon completion in FY2018.

The Group recorded cost of sales of S\$113.5 million in FY2020, as compared to S\$151.3 million in FY2019, which comprise mainly project development costs upon settlement by purchasers. Employee benefits expenses decreased to S\$3.1 million in FY2020 (FY2019: S\$3.9 million) with lower provision for annual leave and lesser employees. Other operating expenses rose from S\$28.6 million in FY2019 to S\$51.6 million in FY2020 mainly attributed to allowance made for write-down of net realisable value of development properties and properties held for sale in Australia, provision for impairment loss on property, plant and equipment and net fair value loss on derivatives relating to forward currency contracts entered into to mitigate the Group’s exposure to AUD. These were partially offset by lower marketing and selling expenses, as well as hotel operating costs.

Separately, the Group reported a net foreign exchange gain of S\$3.3 million in FY2020, as compared to a net foreign exchange loss of S\$1.4 million in FY2019, mainly due to the strengthening of Australian Dollar against Singapore Dollar (the Group’s reporting currency) in FY2020.

The Group also recorded a positive total comprehensive income of S\$9.9 million as a consequence of foreign currency translation gain of S\$15.6 million during the year.

Interest income decreased to S\$0.8 million in FY2020 (FY2019: S\$2.4 million) mainly due to lower interest-bearing deposits at bank, and interest earned from deposits held in escrow account upon settlement by purchasers of *Australia 108*. On the other hand, other income rose to S\$16.1 million in FY2020 from S\$2.9 million in FY2019 mainly due to a net fair value gain on investment properties for *Australia 108* and wage support grants from the government, partially offset by a reduction in hotel room revenue contributed by the Group’s hotels in Georgetown, Penang.

During the year, the Group had also reclassified certain apartment units of *Australia 108* from development properties to investment properties for long-term capital appreciation and to generate rental income. The Group recorded a net fair value gain of S\$15.0 million on investment properties for FY2020. To-date, the Group has tenanted approximately 60% of its investment properties in *Australia 108*.

As a result of the above, the Group delivered a profit before tax of S\$10.0 million in FY2020, as compared to S\$22.9 million in FY2019.

Despite this, the Group reported a loss after tax of S\$5.7 million for FY2020, as compared to a profit after tax of S\$12.7 million for FY2019. This was primarily attributed to tax expenses incurred in Australia. The effective tax rate of the Group’s Australia business segment is largely in line with Australia’s corporate tax rate of 30%. On the contrary, some changes in Malaysia and Singapore had resulted in net losses which cannot be tax effected under the relevant tax-accounting standard as these were mainly permanent differences or tax losses for which deferred tax assets cannot be recognised due to the uncertainty of foreseeable future taxable profits.



OPERATING AND FINANCIAL REVIEW



BUILDING ASPIRATIONS, BROADENING HORIZONS

At World Class Global, our practices are constantly developed and perfected to heighten quality and sustainability, enabling us to build on our strengths and create value. We are also actively seeking new investment opportunities to continuously enhance our presence and pursue endeavours to synergise greater growth.

BOARD OF DIRECTORS

MR. KOH WEE SENG

Non-Executive Chairman

Mr. Koh is our Non-Executive Chairman and was appointed to the Board on 29 October 2013. Mr. Koh is the chief executive officer and executive director of Aspial Corporation Limited ("**Aspial**", the controlling shareholder of the Company), which is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), and is responsible for the strategic planning, overall management and business development of Aspial and its subsidiaries (excluding our Group) (the "**Aspial Group**").

Since late 1994, when the new management team, led by Mr. Koh, took over the reins, the Aspial Group has overcome the challenges posed by changing consumer demand by implementing wide-ranging and fundamental changes to its jewellery business. Mr. Koh has also successfully led the Aspial Group's diversification into the property sector (in Singapore and other countries) and the financial services sector. Mr. Koh is also the non-executive chairman of Maxi-Cash Financial Services Corporation Ltd ("**Maxi-Cash**") and AF Global Limited, both of which are listed on the SGX-ST.

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

MS. KOH LEE HWEE

Non-Executive Director

Ms. Koh is our Non-Executive Director and was appointed to the Board on 29 October 2013. Ms. Koh is an executive director of Aspial and a non-executive director of Maxi-Cash. As an executive director of Aspial, Ms. Koh has executive responsibilities over the Singapore property business of Aspial, and assists in the jewellery business of the Aspial Group.

Ms. Koh was previously the chief executive officer of Maxi-Cash and was responsible for the strategic planning, overall management and business development of the Maxi-Cash group of companies. Prior to her appointment as the chief executive officer of Maxi-Cash, Ms. Koh was the vice president (manufacturing) of the Aspial Group, where she oversaw and spearheaded the growth of the manufacturing division and was responsible for the overall production plans, technology, management and development. Ms. Koh has more than 20 years of experience in the jewellery industry.

Ms. Koh holds a Bachelor of Arts degree from the National University of Singapore.

MR. NG SHENG TIONG

Executive Director and Chief Executive Officer

Mr. Ng is our Executive Director and Chief Executive Officer and was appointed to the Board on 29 October 2013. Mr. Ng is responsible for overseeing the overall management and development of our property development and property investment business.

Prior to his appointment as Chief Executive Officer of our Company, Mr. Ng was the vice president of the Aspial Group, where he headed the Aspial Group's property business, overseeing the strategic planning, overall management and business development of the property business. Mr. Ng has more than ten years of experience in the property industry. Before heading the property development business, Mr. Ng was the Aspial Group's information technology director.

Mr. Ng holds a Master of Business in Information Technology from the Royal Melbourne Institute of Technology.

MR. ONG TUEN SUAN

Lead Independent Director

Mr. Ong is our Lead Independent Director and was appointed to the Board on 1 June 2017. Mr. Ong has more than 20 years of working experience in finance and accounting.

Mr. Ong 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 23-year career with NOL, Mr. Ong had been based in Singapore, United Arab Emirates and the United States of America, covering finance, compliance and control, financial 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 is an independent director of AF Global Limited, which is listed on the SGX-ST.

Mr. Ong graduated from Monash University with a Bachelor of Economics and is a Fellow of CPA Australia.

BOARD OF DIRECTORS

MR. YEOH SENG HUAT GEOFFREY

Independent Director

Mr. Yeoh is our Independent Director and was appointed to the Board on 1 June 2017. Mr. Yeoh has more than 30 years of working experience in finance.

Mr. Yeoh was working in the banking industry for 16 years until 1996; after which he took on senior management positions in certain companies which are listed on the SGX-ST until 2014. Mr. Yeoh is an independent director of Global Testing Corporation Limited, which is listed on the SGX-ST.

Mr. Yeoh holds a Bachelor of Science (Economics) (First Class Honours) from the London School of Economics and Political Science and is a Fellow of the Association of Chartered Certified Accountants, United Kingdom.

MR. TAN SENG CHUAN

Independent Director

Mr. Tan is our Independent Director and was appointed to our Board on 1 June 2017. Mr. Tan has more than 38 years of working experience in civil, structural and environmental engineering. Mr. Tan is currently the managing director of TEMBUSU Asia Consulting Pte Ltd ("**TAC**"), where he is responsible for the TAC group's business strategy and development.

Prior to joining TAC in November 2017, Mr. Tan was with Ramboll Environ Singapore Pte Ltd from 2015 to 2017 holding the position of Regional Managing Director (Asia Pacific) and CH2M HILL Singapore from 2000 to 2015. His last position with CH2M HILL Singapore was as Regional Director (Asia Pacific) of the environmental services business group for CH2M HILL Singapore Consulting Pte. Ltd., where he was responsible for the development and operation of the business in the Asia Pacific region. From 1988 to 2000, Mr. Tan was with Jurong Engineering Ltd, where he undertook several positions, including as assistant general manager of the design department, overseeing the operations, project execution and management. From 1983 to 1988, Mr. Tan was with Hock Chuan Ann Construction Pte Ltd, where he undertook several responsibilities including, amongst other things, civil and structural design and project management.

Mr. Tan graduated with a Bachelor in Engineering (Civil) from the National University of Singapore and holds a Diploma in Building Science and a Master in Science (Building Science), both from the National University of Singapore. Mr. Tan is a Professional Engineer registered with the Professional Engineers Board, Singapore, Chartered Engineer for Environmental and Water, an Honorary Fellow of the Institution of Engineers, Singapore and an Honorary Fellow of the Institution of Engineers, Australia.

KEY EXECUTIVE OFFICERS

MR. NG SHENG TIONG

Executive Director and Chief Executive Officer

Mr. Ng is our Executive Director and Chief Executive Officer and was appointed to the Board on 29 October 2013. Mr. Ng is responsible for overseeing the overall management and development of our property development and property investment business.

Please refer to the profile of Mr. Ng set out in the section entitled “Board of Directors” of this Annual Report for more information.

MR. YIP CHEE KWANG

Chief Financial Officer and Joint Company Secretary

Mr. Yip is our Chief Financial Officer and Joint Company Secretary. As our Chief Financial Officer, he is responsible for the overall accounting and finance functions of our Group.

Prior to his appointment as Chief Financial Officer, Mr. Yip was the finance director of the property development business of the Aspial Group and was responsible for the overall accounting and finance functions of the Aspial Group's property development business. Before joining the Aspial Group in 2007, Mr. Yip was a finance manager with Libra 2002 Pte Ltd. From 2004 to 2005, Mr. Yip was a manager (corporate accounting) with YHI Corporation Pte Ltd and from 2001 to 2004, he was an accountant with Matex International Limited. Prior to this, Mr. Yip was an audit senior and audit assistant with P G Wee Partnership LLP (formerly known as PG Wee & Partners), Singapore and Chew & Associates, Malaysia, respectively.

Mr. Yip holds an ACCA qualification from the Association of Chartered Certified Accountants, and is a non-practising member of the Institute of Singapore Chartered Accountants.



BUILDING SUSTAINABLE DEVELOPMENTS

Moving forward, we strive to further grow our extensive portfolio of property investment and development projects, bringing long-term sustainable value to our shareholders. With our established track record and commitment to excellence, we continually challenge ourselves to reach higher aspirations.

Bread History Bakery. Cafe

**MACALISTER
HOTEL**

**MACALISTER
HOTEL**

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Koh Wee Seng
(Non-Executive Chairman)

Ms. Koh Lee Hwee
(Non-Executive Director)

Mr. Ng Sheng Tiong
*(Executive Director and
Chief Executive Officer)*

Mr. Ong Tuen Suan
(Lead Independent Director)

Mr. Yeoh Seng Huat Geoffrey
(Independent Director)

Mr. Tan Seng Chuan
(Independent Director)

COMPANY SECRETARIES

Mr. Lim Swee Ann (CPA, ACIS)
Mr. Yip Chee Kwang (CA)

REGISTERED OFFICE

8 Robinson Road
#03-00 ASO Building
Singapore 048544
Tel: +65 6850 0188
Fax: +65 6841 7905
Email: investors@wcg.com.sg
Website: <https://wcg.com.sg>

SHARE REGISTRAR

B.A.C.S. Private Limited
8 Robinson Road
#03-00 ASO Building
Singapore 048544

SPONSOR

ZICO Capital Pte. Ltd.
8 Robinson Road
#09-00 ASO Building
Singapore 048544

AUDITOR

Ernst & Young LLP
One Raffles Quay
North Tower Level 18
Singapore 048583

Partner-in-charge: Mr. Max Loh Khum Whai
(Chartered Accountant, a member of
the Institute of Singapore Chartered
Accountants)

(Since the financial year ended
31 December 2017)

PRINCIPAL BANKERS

United Overseas Bank Limited
Malayan Banking Berhad
Oversea-Chinese Banking Corporation
Limited

CORPORATE GOVERNANCE REPORT

The board of directors (the “**Board**” or the “**Directors**”) of World Class Global Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is committed to observing and maintaining high standards of corporate governance within the Company and the Group which is essential to the long-term sustainability of the Group’s business and performance. This Corporate Governance Report describes the Group’s corporate governance practices for the financial year ended 31 December 2020 (“**FY2020**”) with specific reference made to the Principles and Provisions of the Code of Corporate Governance 2018 (the “**Code**”) issued in August 2018, which forms part of the continuing obligations of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst (the “**Catalist Rules**”).

The Board is pleased to report that for FY2020, the Company has adhered to the Principles of the Code, and the Provisions of the Code (except where otherwise explained). In areas where the Company’s practices vary from any Provisions of the Code, the Company has stated herein the Provision of the Code from which it has varied, and appropriate explanations are provided for the variation, and how the practices the Company had adopted are consistent with the intent of the relevant Principle of the Code. The Company will continue to assess its needs and implement appropriate practices accordingly.

BOARD MATTERS (PRINCIPLES 1, 2 AND 3)

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.

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.

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 BOARD’S CONDUCT OF ITS AFFAIRS

The Board’s role is to:

- provide entrepreneurial leadership, set strategic directions, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;
- establish a framework of prudent and effective controls which enables risks to be assessed and managed;
- review the performance of the management of the Company (the “**Management**”); and
- set the Group’s corporate values and ensure that obligations to shareholders of the Company (the “**Shareholders**”) and other stakeholders are understood and met.

The Company has adopted internal guidelines setting forth matters that require the Board’s approval and clear directions have also been given to the Management that the following matters, amongst others, must be approved by the Board under such guidelines:

- Half year and full year results announcements;
- Annual reports (including Directors’ statements) and financial statements for each financial year;
- Declaration of interim dividends and proposal for final dividends;
- Convening of Shareholders’ meetings;
- Appointment and remuneration packages, as well as cessation of Directors and key management personnel;
- Authorisation of fund-raising activities;
- Authorisation of merger and acquisition transactions; and
- Authorisation of major transactions.

While matters relating to the Group’s strategies and policies require the Board’s direction and approval, the Management is responsible for the day-to-day operations and administration of the Group.

CORPORATE GOVERNANCE REPORT

THE BOARD'S CONDUCT OF ITS AFFAIRS (CONT'D)

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Board has, without abdicating its responsibilities, delegated certain matters to specialised committees of the Board. These committees include the Audit Committee (the "AC"), the Nominating Committee (the "NC"), the Conflicts Resolution Committee (the "CRC") and the Remuneration Committee (the "RC") (collectively, the "Board Committees"). The Board Committees assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. The majority of the members of the Board Committees, including the respective Chairmen, are independent. The Board Committees function within clearly defined terms of references and operating procedures. The effectiveness of the Board is also reviewed by the Board on an annual basis. Please refer to the respective principles in this report for further information on the composition, description, terms of references and activities of each Board Committee.

The Board will meet on a quarterly basis as warranted. Ad hoc meetings may also be convened to discuss and deliberate on urgent substantive matters or issues, as and when necessary. The Constitution of the Company provides for the Board and the Board Committees to convene meetings via telephone conferencing and video conferencing. The details of the number of Board and Board Committees meetings held in FY2020 and the attendance of each Director at those meetings are disclosed below:

Name of Director	Board		Audit Committee		Nominating Committee		Conflicts Resolution Committee		Remuneration Committee	
	No. of meeting held	No. of meeting attended	No. of meeting held	No. of meeting attended	No. of meeting held	No. of meeting attended	No. of meeting held	No. of meeting attended	No. of meeting held	No. of meeting attended
Koh Wee Seng	4	4	2	2*	1	1	1	1*	1	1
Ng Sheng Tiong	4	4	2	2*	1	1*	1	1*	1	1*
Koh Lee Hwee	4	4	2	2	1	1*	1	1*	1	1*
Ong Tuen Suan	4	4	2	2	1	1	1	1	1	1
Yeoh Seng Huat Geoffrey	4	4	2	2	1	1	1	1	1	1
Tan Seng Chuan	4	4	2	2	1	1	1	1	1	1

* By invitation

While the Board considers Directors' attendance at Board meetings important, it should not be the only criterion to measure their contributions. The Board also takes into account the contributions by Board members in other forms, including periodic reviews and the provision of guidance and advice on various matters relating to the Group.

To enable the Board to fulfill its responsibilities, the Management provides the Board with management reports on a regular and timely basis, with relevant and adequate information prior to the Board meetings. Prior to each Board meeting, the Board is provided with the relevant background or explanatory information relating to the business of the meeting and information on major operational, financial and corporate issues. During each Board meeting, progress reports of the Group's business operations are also presented to the Board by the Management. The Board also has separate and independent access to the Company Secretary and the Management.

The Company Secretary attends all Board meetings and ensures that Board procedures are followed. The Company Secretary also ensures that the requirements under the Companies Act (Chapter 50 of Singapore) and all regulations of the SGX-ST are complied with.

The appointment and removal of the Company Secretary is a matter for consideration for the Board as a whole.

In the furtherance of their duties, the Directors, whether individually or as a group, may obtain professional advice and assistance from the Company Secretary or independent professionals, if necessary, and the cost of such advice and assistance will be borne by the Company.

CORPORATE GOVERNANCE REPORT

THE BOARD'S CONDUCT OF ITS AFFAIRS (CONT'D)

Upon appointment of a new Director, the Company will provide a formal letter to the Director setting out, amongst others, his duties and obligations. Newly appointed Directors will be briefed on the Group's business, its strategic directions and corporate governance policies. Familiarisation visits can be organised, if necessary, to facilitate a better understanding of the Group's business operations. For new appointed Directors who do not have prior experience as a director of a public listed company in Singapore, they will attend relevant training courses organised by the Singapore Institute of Directors as required under Rule 406(3)(a) of the Catalist Rules, as well as other courses relating to accounting, legal and industry-specific knowledge, where appropriate, organised by other training institutions, in connection with their duties, and such training will be funded by the Company. During FY2020, no new Director was appointed to the Board.

Regular training, particularly on risk management, corporate governance and key changes in the relevant regulatory requirements and financial reporting standards, will be arranged and funded by the Company for all Directors, from time to time. During FY2020, Directors are provided with briefings and updates on (i) developments in financial reporting and governance standards by the Company's external auditors, Ernst & Young LLP; (ii) the changes in the relevant laws and regulations pertaining to the Group's business and changing commercial risks and business conditions of the Group by the Management during the Board Committee meetings; (iii) the latest government advisories and measures amid the COVID-19 situation by ZICO Corporate Services Pte. Ltd. and the Company's sponsor, ZICO Capital Pte. Ltd.; and (iv) the regulatory announcements and updates to the Catalist Rules issued by the SGX-ST by the Company's sponsor, ZICO Capital Pte. Ltd., so as to enable them to make well-informed decisions and to properly discharge their duties as Board or Board Committee members.

As at 31 December 2020, the composition of the Board is as follows:

Name of Director	Appointment Position	First Appointment Date	Last Re-appointment Date	Length of Service	Board Committee(s) served on	Present directorships or chairmanships in other listed companies	Academic and professional qualifications/ experience
Koh Wee Seng ⁽¹⁾	Non-Executive Chairman	29 October 2013	25 April 2019	7 years 5 months	<ul style="list-style-type: none"> - Nominating Committee - Remuneration Committee 	<ul style="list-style-type: none"> - Aspial Corporation Limited - AF Global Limited - Maxi-Cash Financial Services Corporation Ltd 	Bachelor of Business Administration, National University of Singapore
Ng Sheng Tiong ⁽¹⁾	Executive Director and CEO	29 October 2013	11 June 2020	7 years 5 months	Nil	Nil	Master of Business in Information Technology, Royal Melbourne Institute of Technology
Koh Lee Hwee ⁽¹⁾	Non-Executive Director	29 October 2013	25 April 2019	7 years 5 months	Audit Committee	<ul style="list-style-type: none"> - Aspial Corporation Limited - Maxi-Cash Financial Services Corporation Ltd 	Bachelor of Arts, National University of Singapore
Ong Tuen Suan	Lead Independent Director	1 June 2017	11 June 2020	3 years 10 months	<ul style="list-style-type: none"> - Audit Committee - Nominating Committee (Chairman) - Remuneration Committee - Conflicts Resolution Committee (Chairman) 	<ul style="list-style-type: none"> - AF Global Limited 	<ul style="list-style-type: none"> - Bachelor of Economics, Monash University - Fellow, CPA Australia

CORPORATE GOVERNANCE REPORT

THE BOARD'S CONDUCT OF ITS AFFAIRS (CONT'D)

Name of Director	Appointment Position	First Appointment Date	Last Re-appointment Date	Length of Service	Board Committee(s) served on	Present directorships or chairmanships in other listed companies	Academic and professional qualifications/ experience
Yeoh Seng Huat Geoffrey	Independent Director	1 June 2017	25 April 2018 (shall retire and be subject to re-election at the upcoming AGM)	3 years 10 months	<ul style="list-style-type: none"> – Audit Committee (Chairman) – Nominating Committee – Remuneration Committee – Conflicts Resolution Committee 	– Global Testing Corporation Limited	<ul style="list-style-type: none"> – Bachelor of Science (Economics), London School of Economics and Political Science – Fellow, Association of Chartered Certified Accountants, United Kingdom
Tan Seng Chuan	Independent Director	1 June 2017	25 April 2018 (shall retire and be subject to re-election at the upcoming AGM)	3 years 10 months	<ul style="list-style-type: none"> – Audit Committee – Nominating Committee – Remuneration Committee (Chairman) – Conflicts Resolution Committee 	Nil	<ul style="list-style-type: none"> – Bachelor in Engineering (Civil), National University of Singapore – Master in Science (Building Science), National University of Singapore – Professional Engineer (Civil) – Chartered Engineer for Environment and Water – Honorary Fellow, Institution of Engineers, Australia and Singapore

Note:

- (1) Mr Koh Wee Seng and Ms Koh Lee Hwee are siblings. Mr Ng Sheng Tiong is the husband of Ms Koh Lee Hwee and the brother-in-law of Mr Koh Wee Seng.

The Board has considered the current Board size of six (6) members and the current size of each of the Board Committees and is satisfied that the current size of the Board and each of the Board Committees facilitates effective decision-making, after taking into account the nature and scope of the Group's operations, as well as the wide spectrum of skills and knowledge of the Directors.

In identifying the need for any new Director, the Board's primary consideration is to ensure that the Board consists of an appropriate mix of members with complementary skills, core competencies and experience that could contribute effectively to the Group, regardless of gender.

To maintain or enhance the balance and diversity of the Board and the Board Committees, the composition of the Board and each of the Board Committees is reviewed by the NC to ensure that the Board and the Board Committees have the appropriate mix of expertise and experience. The NC is of the view that the current Board and each of the Board Committees comprise persons who as a group provides an appropriate balance and diversity of skills, experience and knowledge to the Company, as well as provides a diversity of gender with one (1) female Director who is a Non-Executive Director. The Board members collectively possess the necessary core competencies such as accounting, finance, investment, business and management experience, corporate governance, industry knowledge and strategic planning experience for the effective functioning of the Board and an informed decision-making process.

CORPORATE GOVERNANCE REPORT

THE BOARD'S CONDUCT OF ITS AFFAIRS (CONT'D)

The roles of the Chairman and the Chief Executive Officer (“**CEO**”) are separate and distinct, each having their own areas of responsibilities.

The key responsibilities of the Chairman include:

- leading the Board to ensure its effectiveness;
- setting agenda for Board meetings and ensuring adequate time for discussion;
- promoting openness and discussion during Board meetings;
- ensuring that Directors receive complete, adequate and timely information;
- ensuring effective communication with Shareholders;
- encouraging constructive relations within the Board and between the Board and the Management;
- facilitating effective contributions of the Non-Executive Directors; and
- promoting high standards of corporate governance.

The key responsibilities of the CEO include overseeing the day-to-day management of the Group, leading and implementing all major initiatives (such as expansion related strategies, acquisitions and capital investments) of the Group, and playing an instrumental role in the sustainable development and growth of the Group's business.

The Company believes that a distinctive separation of responsibilities between the Chairman and the CEO will ensure an appropriate balance of power, increased accountability and greater capacity for the Board to exercise independent decision-making. For FY2020, the positions of the Chairman and the CEO are held by Mr Koh Wee Seng and Mr Ng Sheng Tiong respectively. Mr Ng Sheng Tiong is the brother-in-law of Mr Koh Wee Seng.

Provision 2.2 of the Code recommends that independent directors make up a majority of the Board where the Chairman is not independent. In the case of the Company, the Chairman is not independent as he is related to the CEO. The Board currently comprises six (6) Directors, three (3) of whom are Independent Directors. In order to address the issue of independence given that the Chairman is not independent, the Independent Directors make up half of the Board and the majority of each of the Board Committees. Further, the Chairman has undertaken not to exercise his casting vote rights as provided for in the Company's Constitution. Taking into account the above, the Board is of the view that the Company complies with Principle 2 of the Code as there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual or small group of individuals exercising any considerable concentration of power or influence.

Lead Independent Director

For good corporate governance and taking into account the Chairman is not independent, the Board has appointed Mr Ong Tuen Suan as the Lead Independent Director of the Company. The Lead Independent Director is available to Shareholders and employees in the event that interactions with the Non-Executive Chairman, CEO or Chief Financial Officer (“**CFO**”) cannot satisfactorily resolve their concerns or where such channel of communications is considered inappropriate. The Lead Independent Director also assists the Board in ensuring effective corporate governance in managing the affairs of the Board and the Company. Where necessary, the Lead Independent Director, together with the other Independent Directors, will meet without the presence of the other non-Independent Directors, and the Lead Independent Director will provide feedback to the Chairman, if it is necessary. During FY2020, the Lead Independent Director met with the other Independent Directors, without the presence of the other non-Independent Directors, and provided relevant feedback to the Chairman.

The Independent Directors have the necessary experience and expertise to assist the Board in decision-making and provide greater balance to the Board as they do not participate in the day-to-day running of the Group. The Non-Executive Directors may challenge and help develop proposals on strategy, review the performance of and to extend guidance to the Management. Non-Executive Directors have been actively participating in discussions and decision-making at the Board and the Board Committees meetings, and had open discussions with the Management. Where necessary, the Non-Executive Directors meet and discuss on the Group's affairs without the presence of the Management.

CORPORATE GOVERNANCE REPORT

THE BOARD'S CONDUCT OF ITS AFFAIRS (CONT'D)

There is no alternate Director on the Board.

The Independent Directors have confirmed that they do not have any relationship with the Company, its related corporations, its 5% Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company. None of the Independent Directors has served on the Board beyond nine (9) years from the date of his first appointment.

BOARD MEMBERSHIP & PERFORMANCE (PRINCIPLES 4 AND 5)

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.

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.

NOMINATING COMMITTEE

The NC comprises four (4) Directors, all of whom are Non-Executive Directors, and a majority of whom, including the NC Chairman, are independent. The Lead Independent Director is a member of the NC.

The members of the NC are as follows:

Ong Tuen Suan	Chairman	Lead Independent Director
Yeoh Seng Huat Geoffrey	Member	Independent Director
Tan Seng Chuan	Member	Independent Director
Koh Wee Seng	Member	Non-Executive Director

The NC will meet at least once a year. In FY2020, the NC has met once.

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

- making recommendations to the Board on all board appointments (including alternate directors, if any), including re-nominations, having regard, to the Director's competencies, commitment, contribution and performance;
- reviewing the structure, size and composition (balance of skills, knowledge, experience, independence, and diversity) of the Board and the Board Committees;
- making recommendations to the Board in respect of its review of Board succession plans for Directors training and professional development programmes for the Board and the Directors, and the process and criteria for evaluation of the performance of the Board, the Board Committees and the Directors;
- determining on an annual basis, whether or not a Director is independent and providing its views to the Board for the Board's consideration;
- reviewing the performance of Directors having multiple board representations on various listed companies and other principal commitments, deciding whether or not such Director is able to and/or has been adequately carrying out his or her duties as Director;
- assessing the performance and effectiveness of the Board as a whole, and of each Board Committee separately, as well as the contribution by the Chairman of the Board and each individual Director to the Board, including the proposal of the objective performance criteria; and
- generally undertaking such other functions and duties as may be required by statute, the Catalist Rules and/or the Code as may be amended, varied or supplemented from time to time.

CORPORATE GOVERNANCE REPORT

NOMINATING COMMITTEE (CONT'D)

Process for Selection, Appointment and Re-appointment of Directors

In its selection of new Directors, the NC 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 Board conducts an initial assessment to review the candidate's qualifications, attributes and past experience followed by interviewing short-listed candidates. The proposed candidate's independence, expertise, background and right skills will be considered before the Board makes its final decision on the appointment. For re-appointment of existing Directors to the Board, the Board will take into consideration, amongst others, the Director's integrity, competencies, independence, commitment, contribution and performance (such as attendance, participation, preparedness and candour).

Assessment of Performance and Effectiveness of the Board, as a whole, and that of each of the Board Committees, and Individual Directors

The NC determines the criteria on which Board performance is to be evaluated and, subject to the approval of the Board, proposes objective performance criteria which address how the Board has enhanced long-term Shareholders' value.

The Board has implemented a formal annual process to be carried out by the NC to assess the performance and effectiveness of the Board as a whole and its Board Committees, as well as the performance and contribution of each individual Director to the effectiveness of the Board. For FY2020, the Directors participated in the evaluation by providing feedback to the NC in the form of completing (i) a Board Performance Evaluation checklist which covers several parameters such as Board composition, conduct of meetings, Board process, Board accountability, risk management and internal control, measuring and monitoring performance as well as communication with Shareholders; (ii) an Individual Director Performance Evaluation checklist which covers several parameters such as the Director's interactive skills, industry knowledge, contribution and workload requirements, sense of independence and preparation at the Board and Board Committees meetings; and (iii) a Board Committees Performance Evaluation checklist. To ensure confidentiality, the evaluation checklists completed by the Directors were submitted to the Company Secretary for collation and the consolidated responses were presented to the NC for review and discussion. The NC has reported to the Board on its review of the performance and the effectiveness of the Board as a whole and its Board Committees, as well as the performance and contribution of each individual Director to the effectiveness of the Board for the financial year. The NC has reviewed the overall performance and effectiveness of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year and is of the view that the performance and effectiveness of the Board as a whole has been satisfactory. The NC is also of the view that, based on the results collated from the evaluation checklists, (i) the performance and effectiveness of the Board as a whole has been satisfactory; (ii) the Board Committees have consistently performed well and effectively; and (iii) each individual Director has discharged his/her roles and responsibilities effectively and has contributed towards the effectiveness of the Board for the financial year.

No external facilitator was engaged for the above assessment.

The NC will continue to review formal assessment processes for evaluating the performance and effectiveness of the Board as a whole and its Board Committees, as well as the performance and contribution of each individual Director to the effectiveness of the Board. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as a Director.

Independence of Directors

The independence of each Director will be reviewed annually by the NC. The NC adopts the Code's definition of what constitutes an Independent Director in its review and determines whether the Director falls under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules. The NC has reviewed and determined that Mr Ong Tuen Suan, Mr Yeoh Seng Huat Geoffrey, and Mr Tan Seng Chuan are independent.

CORPORATE GOVERNANCE REPORT

NOMINATING COMMITTEE (CONT'D)

Directors' Time Commitments and Multiple Board Representations

As the ability to commit time and attention to the Group's affairs is essential for the individual Director's contribution and performance, the Board has considered the number of listed directorship each of its Directors can hold after taking into considerations factors such as the expected and/or competing time commitments of the Directors, the size and composition of the Board as well as the nature and scope of the Group's operations and size. As a guide, Directors should not have more than six (6) listed company board representations.

The NC has reviewed and is satisfied that in FY2020, where Directors had other listed company board representations, each of these Directors does not have more than six (6) listed company board representations and these Directors have been able to devote sufficient time and attention to the affairs of the Company to adequately carry out their duties as Directors of the Company.

Re-election of Directors

In accordance with Rule 720(4) of the Catalist Rules, all Directors need to submit themselves for re-nomination and re-appointment at least once every three (3) years. Article 97 of the Company's Constitution provides that at least one-third of its Directors shall retire from office and are subject to re-election at every Annual General Meeting of the Company ("AGM"). In addition, Article 103 of the Company's Constitution provides that a newly appointed Director must retire and submit himself for re-election at the next AGM following his appointment. This will enable all Shareholders to exercise their rights in selecting all the Board members of the Company.

The NC has recommended to the Board that the following Directors be nominated for re-election as Directors, at the forthcoming AGM:

- (1) Mr Yeoh Seng Huat Geoffrey who is retiring pursuant to Article 97 of the Company's Constitution; and
- (2) Mr Tan Seng Chuan who is retiring pursuant to Article 97 of the Company's Constitution.

Please refer to the section entitled "Additional Information on Directors Nominated for Re-election – Appendix 7F to the Catalist Rules" of this report as well as page 8 of this Annual Report for more information on the abovementioned Directors. The NC has reviewed and is satisfied that both Mr Yeoh Seng Huat Geoffrey and Mr Tan Seng Chuan, being the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM, are properly qualified for re-election by virtue of their skills, experience and contributions.

The Board has accepted the NC's recommendation and the re-election of the abovementioned Directors shall be subject to Shareholders' approval at the forthcoming AGM.

The NC also determines, on an annual basis, the independence of Directors. For FY2020, the NC has assessed and affirmed the status of each Director as follows:

Koh Wee Seng	Non-Independent
Ng Sheng Tiong	Non-Independent
Koh Lee Hwee	Non-Independent
Ong Tuen Suan	Independent
Yeoh Seng Huat Geoffrey	Independent
Tan Seng Chuan	Independent

The key information of the Directors, including their academic and professional qualifications, shareholding interests in the Group, Board Committees served on, first appointment dates, last re-appointment dates, present directorships or chairmanships in other listed companies, and their principal commitments, are set out on pages 7, 8, 14 and 15 of this Annual Report.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS (PRINCIPLES 6, 7 AND 8)

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 or her own 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.

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.

REMUNERATION COMMITTEE

The RC comprises four (4) Directors, all of whom are Non-Executive Directors, and a majority of whom, including the RC Chairman, are independent. The members of the RC are as follows:

Tan Seng Chuan	Chairman	Independent Director
Ong Tuen Suan	Member	Lead Independent Director
Yeoh Seng Huat Geoffrey	Member	Independent Director
Koh Wee Seng	Member	Non-Executive Director

The RC will meet at least once a year. In FY2020, the RC has met once.

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

- recommending to the Board for endorsement, a framework of remuneration for the Directors and key management personnel, and to determine specific remuneration packages for each Director and the Chief Executive Officer (or executive of equivalent rank);
- reviewing and considering the service contracts/agreements of the Executive Director(s), Chief Executive Officer and key management personnel, including incentive bonus, and ensuring that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
- reviewing all long-term and short-term incentive schemes/plans for approval by the Board and Shareholders, including the administration of such incentive schemes/plans (including share schemes) as may be implemented in accordance with their respective terms;
- performing an annual review of the remuneration packages of employees related to the Directors and substantial shareholders of the Company;
- considering 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, including for example, misstatement of financial results, or misconduct resulting in financial loss to the Group; and
- generally undertaking such other functions and duties as may be required by statute, the Catalist Rules and/or the Code as may be amended, varied or supplemented from time to time.

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of individual Directors and key management personnel. All aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and other benefits-in-kind are reviewed by the RC. The recommendations of the RC are submitted for endorsement by the Board. Each member of the RC and the Board abstains from voting on any resolutions in respect of his remuneration package.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE (CONT'D)

The remuneration of related employees will be reviewed annually by the RC to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities. Any bonuses, pay increments and/or promotions for these related employees will also be subject to the review and approval of the RC. In the event that a member of the RC is related to the employee under review, he will abstain from participating in the review.

No remuneration consultants were engaged by the Company in FY2020. The RC will engage professional advice in relation to remuneration matters as and when the need arises. The RC will ensure that existing relationships between the Company and its appointed remuneration consultants, if any, will not affect the independence and objectivity of the remuneration consultants. Where remuneration consultants are appointed, the Company will disclose the names and firms of the remuneration consultants in the annual remuneration report, and include a statement on whether the remuneration consultants have any such relationships with the Company.

The Company's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and key management personnel of the required experience and expertise.

The Executive Director does not receive Directors' fees but is remunerated as a member of the Management. The remuneration package of each of the Executive Director and the key management personnel comprises a basic salary component and a variable component which is the annual bonus, based on the performance of the Group as a whole and their individual performance. The performance-related component of the remuneration package is designed to align the interests of the Executive Director and the key management personnel with those of Shareholders and link rewards to the Group's financial performance. Service agreements for the Executive Director and the key management personnel are for a fixed appointment period and do not contain onerous removal clauses. The RC reviews the fairness and reasonableness of the termination clauses contained in the service agreements of the Executive Director and the key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with an aim to be fair and avoid rewarding poor performance.

There were no termination or retirement benefits and post-employment benefits that are granted to the Executive Director and key management personnel in FY2020. The Company does not intend to use contractual provisions to allow the Company 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 Company. The Executive Director owes a fiduciary duty to the Company. The Company should be able to avail itself of remedies against the Executive Director in the event of such breach of fiduciary duties.

The Independent Directors and the Non-Executive Directors do not have any service agreement with the Company. They are paid fixed Directors' fees appropriate to their level of contribution, taking into account factors such as effort and time spent, and their responsibilities on the Board and Board Committees. They do not receive any other form of remuneration from the Company. The Independent Directors have not been over-compensated to the extent that their independence is compromised.

Directors' fees are endorsed by the RC and recommended by the Board for Shareholders' approval at the AGM. At the forthcoming AGM, Shareholders' approval will be sought for the payment of Directors' fees of S\$213,006 for FY2020 (FY2019: S\$240,000).

Service Agreement

The Company has entered into a service agreement ("**Agreement**") with Mr Ng Sheng Tiong on 1 March 2017 ("**Commencement Date**") in respect of his employment as an Executive Director and CEO of the Company. The Agreement is for a term of two (2) years from the Commencement Date, and is thereafter renewable automatically for a period of two (2) years (or such shorter periods as Mr Ng Sheng Tiong and the Company may agree) for each subsequent term on such terms which shall be subject to the review by the Board and the RC, such renewal being subject to the confirmation of the Board at least three (3) months before the renewal date. Under the terms of the Agreement, either party may terminate the Agreement by giving to the other party not less than six (6) months' written notice, or in lieu of such notice an amount equal to six (6) months' salary.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE (CONT'D)

WCG Share Option Scheme

The Company uses the WCG Share Option Scheme to provide an opportunity for employees of the Group and Directors who have contributed significantly to the growth and performance of the Group to participate in the equity of the Company and inculcate in all participants a stronger and more lasting sense of identification with the Company. The WCG Share Option Scheme seeks to attract, retain and provide incentives to participants to encourage greater dedication and loyalty by enabling the Company to provide recognition for past contributions and services. The Company believes that this, in turn, will help to motivate participants generally to contribute towards the Company's long-term success. The WCG Share Option Scheme is administered by the Remuneration Committee of the Company. No options were granted by the Company under the WCG Share Option Scheme in FY2020.

The Board has not included a separate annual remuneration report to Shareholders in this Annual Report on the remuneration of the Directors and the key management personnel (who are not Directors or the CEO) 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 Annual Report and in the financial statements of the Company.

Provision 8.1 of the Code recommends that the Company discloses in its annual report the policy and criteria for setting remuneration, as well as names, amounts and breakdown of remuneration of: (a) each individual Director and the CEO; and (b) at least the top five (5) key management personnel (who are not Directors or the CEO) in bands no wider than S\$250,000 and in aggregate the total remuneration paid to these key management personnel, while Provision 8.2 of the Code recommends that the Company discloses the names and remuneration of employees who are substantial Shareholders, or are immediate family members of a Director, the CEO or a substantial Shareholder, and whose remuneration exceeds S\$100,000 during the year, in bands no wider than S\$100,000, in its annual report, and such disclosure to state clearly the employee's relationship with the relevant Director or the CEO or substantial Shareholder. The Company has not fully adhered to the aforesaid Provisions 8.1 and 8.2 of the Code with respect to the disclosure of remuneration of the Directors (including the CEO), the key management personnel (who are not Directors or the CEO) and related employees.

The Board has reviewed the disclosure of the remuneration of the Directors (including the CEO), the key management personnel (who are not Directors or the CEO) and related employees, and has decided not to disclose (i) the amount and breakdown of the remuneration of each individual Director (including the CEO); (ii) the names and the breakdown of the remuneration of the key management personnel (who are not Directors or the CEO); and (iii) the remuneration of related employees in bands no wider than S\$100,000. The Board believes that such disclosure may be prejudicial to the Group's businesses given the competitive business environment that the Group operates in and the disadvantages that such disclosure may bring. The Board is of the view that the current disclosure of the remuneration presented herein in this Annual Report, which states (a) the level of remuneration (in remuneration bands of S\$250,000) as well as the mix of remuneration (in percentage terms) for each Director (including the CEO); (b) the level of remuneration (in remuneration bands of S\$250,000) for the key management personnel (who are not Directors or the CEO), the number of key management personnel (who are not Directors or the CEO) in each of the remuneration bands as well as the total remuneration paid to the key management personnel (who are not Directors or the CEO); and (c) the names and the level of remuneration (in remuneration bands of S\$250,000) for each related employee, is sufficient to provide Shareholders information on the Group's remuneration policies, as well as the level and mix of remuneration. Accordingly, the Board is of the view that the Company complies with Principle 8 of the Code.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE (CONT'D)

Remuneration of Directors

A breakdown showing the level and mix of the remuneration of each individual Director for FY2020 is set out below:

Remuneration Bands	Name of Director	Salary ⁽¹⁾ (%)	Bonus, Performance Bonus (%)	Directors' Fees ⁽²⁾ (%)
Between S\$750,000 and S\$1,000,000	Ng Sheng Tiong	35.32	64.68	–
S\$250,000 and below	Koh Wee Seng	–	–	100.00
	Koh Lee Hwee	–	–	100.00
	Ong Tuen Suan	–	–	100.00
	Yeoh Seng Huat Geoffrey	–	–	100.00
	Tan Seng Chuan	–	–	100.00

Notes:

- (1) Inclusive of salary, allowances and Central Provident Fund contributions.
 (2) Directors' fees are subject to the approval of Shareholders at the forthcoming AGM.

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

The Group has only four (4) key management personnel (who are not Directors or the CEO) during FY2020. The remuneration of the four (4) key management personnel comprises fixed component and variable component. Fixed component is in the form of fixed salary whereas variable component is linked to the performance of the Group's business and individual performance.

A breakdown of the level and mix of the remuneration payable to each of the top four (4) key management personnel (who are not Directors or the CEO) for FY2020 is as follows:

Remuneration Band	No. of Key Management Personnel	Salary ⁽¹⁾ (%)	Bonus (%)
Between S\$250,000 and S\$500,000	4	78.04%	21.96%

Note:

- (1) Inclusive of salary, allowances and Central Provident Fund contributions.

The total remuneration paid to the aforesaid four (4) key management personnel (who are not Directors or the CEO) for FY2020 was approximately S\$1,184,000. As at the date of this Annual Report, the Group has only three (3) key management personnel (who are not Directors or the CEO), as one had resigned with effect from 1 February 2021. For more information, please refer to the Company's announcement dated 8 January 2021.

Remuneration of Employees who are Substantial Shareholders or are Immediate Family Members of a Director, CEO or Substantial Shareholder

Save for Mr Koh Wee Seng (Non-Executive Chairman) and Ms Koh Lee Hwee (Non-Executive Director) who are siblings, as well as Mr Ng Sheng Tiong (Executive Director and CEO), who is the husband of Ms Koh Lee Hwee and brother-in-law of Mr Koh Wee Seng, there is no employee of the Group who is a substantial Shareholder or an immediate family member of a Director, CEO or substantial Shareholder and was paid more than S\$100,000 during FY2020.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROLS (PRINCIPLE 9)

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.

The Board is responsible for the governance of risk and ensures that the Management maintains a sound system of risk management and internal controls to safeguard Shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Company's internal control systems serve as the key in identifying and managing risks that are significant to the achievement of its business objectives. The process of risk management has been integrated into the Group's business planning and monitoring process. The Company regularly reviews the Group's business and operational activities to identify areas of significant business risks. Appropriate measures are taken to assess, control and mitigate these risks.

The internal audit function of the Group performs risk assessment and conducts review on the adequacy and effectiveness of the Group's 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 AC also reviews and endorses the internal audit plan and internal audit reports of the Group.

The internal control systems 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 risk. The Board notes that no system of internal control could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. The adequacy and effectiveness of the Group's risk management and internal control systems and procedures will be reviewed by the AC annually.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems are adequate and effective as at 31 December 2020.

The Board has received assurance from the CEO and CFO 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.

The Board has also received assurance from the CEO and other key management personnel that they have evaluated the adequacy and effectiveness of the Group's risk management and internal control systems and assessed the internal auditors' reports on the Group's operations and external auditors' report on the financial statements and management letter of the Group, and noted that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process, summarise or report financial information.

AUDIT COMMITTEE (PRINCIPLE 10)

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

The AC comprises four (4) Directors, all of whom are Non-Executive Directors, and a majority of whom, including the AC Chairman, are independent and two (2) of whom have recent and related accounting or financial management expertise or experience. The members of the AC are as follows:

Yeoh Seng Huat Geoffrey	Chairman	Independent Director
Ong Tuen Suan	Member	Lead Independent Director
Tan Seng Chuan	Member	Independent Director
Koh Lee Hwee	Member	Non-Executive Director

The AC will meet on a semi-annual basis during the year. In FY2020, the AC has met two (2) times.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE (PRINCIPLE 10) (CONT'D)

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

- assisting the Board in the discharge of its responsibilities on financial and reporting matters;
- reviewing, with the internal and external auditors, the audit plans, scope of work, their evaluation of the system of internal accounting controls and results of the audits compiled by the internal and external auditors;
- reviewing the quarterly or half yearly (where applicable) and annual financial statements and results announcements before submission to the Board for approval, focusing in particular, on major risk areas, significant adjustments resulting from the audit, the going concern statement, compliance with financial reporting standards as well as compliance with the Catalist Rules and any other statutory/regulatory requirements;
- reviewing at least annually the effectiveness and adequacy of the Group's internal control and procedures addressing financial, operational, compliance and information technology risks, and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the external auditors may wish to discuss (in the absence of the Management where necessary);
- reviewing and discussing with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the Management's response;
- making recommendations to the Board on the proposals to Shareholders on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- reviewing significant financial reporting issues and judgements with the CFO and the external auditors so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance before their submission to the Board;
- reviewing and approving transactions falling within the scope of Chapter 9 and Chapter 10 of the Catalist Rules (if any);
- reviewing reports prepared by the internal auditors on compliance with the guidelines and procedures for interested person transactions and any other potential conflicts of interest;
- based on the computation prepared by the CFO on a quarterly basis for (i) the ratio of the sum of the values of the Company's Australian land assets and of each of its subsidiaries against the sum of the values of the total assets of the Group on a quarterly basis (the "**Ratio**"); (ii) the value of the Group's gross Australian assets to determine if the Group is a Offshore Corporation (as defined in this Annual Report under the section entitled "**Notice to Shareholders**") (the "**OC Value**"); and (iii) the value of each of the Group's Australian subsidiaries' gross Australian assets to determine if each of the Group's Australian subsidiaries is a Prescribed Australian Entity (as defined in this Annual Report under the section entitled "Notice to Shareholders") (the "**PAE Value**"), (a) review the Ratio, the OC Value and the PAE Value; (b) ensure that the Group will disclose whether the Group is an Australian Land Corporation (as defined in this Annual Report under the section entitled "Notice to Shareholders") and/or a Offshore Corporation and/or each of the Group's Australian subsidiaries is a Prescribed Australian Entity when the Group releases periodic announcements of the Group's financial statements and to include in the Group's annual reports, a statement of whether the Group is an Australian Land Corporation and/or a Offshore Corporation and/or each of the Group's Australian subsidiaries is a Prescribed Australian Entity, based on the Group's Australian land assets or gross Australian assets (as the case may be) at the end of the relevant financial year; and (c) review the relevant requirements of the Foreign Investment Review Board and applicable laws under the FATA (as defined in this Annual Report under the section entitled "Notice to Shareholders") that are relevant to the Company;

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE (PRINCIPLE 10) (CONT'D)

- reviewing on a periodic basis the framework and processes established by the Group for entry into joint ventures with the Aspiat Group on projects outside Australia, Indonesia, Malaysia, New Zealand and the Philippines; and
- generally undertaking such other functions and duties as may be required by statute or the Catalist Rules, and by such amendments made thereto from time to time.

The AC has explicit authority to investigate any matter within its terms of reference and has been given full access to and co-operation by the Management and reasonable resources to enable it to discharge its function properly. The AC has full discretion to invite any Director or key management personnel to attend its meetings.

The AC is guided by its terms of reference which stipulate its principal functions. In performing its functions, the AC meets regularly with the Management and the external auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. It also reviews the internal audit function of the Group to ensure that an effective system of control is maintained in the Group. The AC has full access to the external auditors and the internal auditors and has met with them at least once in FY2020 without the presence of the Management. On a quarterly basis, the AC also reviews the interested person transactions and the financial results announcements before their submission to the Board for approval. The AC is kept abreast by the Management and the external auditors of changes to accounting standards, the Catalist Rules and other regulations which could have an impact on the Group's business and financial statements.

In FY2020, the AC carried out its duties that include, amongst others, the following:

- reviewed the half year and full year financial statements announcements of the Group, and recommended to the Board for approval and release via the SGXNet;
- reviewed interested persons transactions of the Group;
- reviewed the internal and external audit plans, including the nature and scope of work before commencement of these audits;
- met up with the Group's internal and external auditors without the presence of the Management to discuss their findings set out in their respective reports to the AC. Both the internal and external auditors had confirmed that they had access to and received full cooperation and assistance from the Management and no restrictions were placed on the respective scope of work of the internal and external auditors;
- reviewed and approved the consolidated statement of comprehensive income, statements of financial position, statements of changes in equity, consolidated cash flows and auditors' reports;
- reviewed the Ratio, the OC Value and the PAE Value on a quarterly basis;
- reviewed the independence, adequacy and effectiveness of the Group's internal audit function;
- reviewed the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems; and
- conducted a review of the non-audit services provided by the external auditors and is satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors as well as the cost effectiveness of the audit before confirming their re-nomination.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE (PRINCIPLE 10) (CONT'D)

In the review of the financial statements, the AC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following key audit matters impacting the financial statements were discussed with the Management and the external auditors, and were reviewed by the AC:

Key Audit Matters considered	How the AC reviewed these matters and what decisions were made
(i) Carrying values of development properties, properties held for sale and hotel properties included in property, plant and equipment; and	All such properties have been valued by independent external valuers. The AC considered the suitability of the external valuers that were engaged and reviewed the outcomes of the valuation process.
(ii) Valuation of investment properties	The AC considered the findings of the external auditors, including their assessment of the appropriateness of valuation method and certain key assumptions used in the valuation.

External Auditors

The Company has engaged Ernst & Young LLP as its external auditors, to audit the accounts of the Company. The report of the external auditors is set out in the Independent Auditor's Report section of this Annual Report.

The AC has undertaken a review of all the non-audit services provided by the external auditors for FY2020, which were related to tax compliance services, and they would not, in the AC's opinion, affect the independence and objectivity of the external auditors. The external auditors have also confirmed their independence in this respect, and that they are registered with the Accounting and Corporate Regulatory Authority and approved under the Accountants Act.

The total fees of S\$258,000 paid/payable to the external auditors for FY2020 were approved by the Board and it comprises the following:

Audit fees	S\$253,000
Non-audit fees	S\$5,000

After considering the adequacy of the resources and experience of the external auditors' firm and the audit partner-in-charge assigned to the audit, the firm's other audit engagements, the size and complexity of the Group and the number and experience of supervisory and professional staff assigned to the audit of the Group, the AC has recommended to the Board the nomination and re-appointment of Ernst & Young LLP as the external auditors for the Company's audit obligations for the financial year ending 31 December 2021, at the forthcoming AGM.

The Company has complied with Rules 712 and 715 of the Catalyst Rules in appointing the audit firms for the Group. No former partner or director of the Company's existing audit firm is a member of the AC.

The Company has adopted a whistle blowing policy, endorsed by the AC, where employees of the Group may in confidence, raise concerns about wrongdoing or malpractice within the Group and ensure arrangements are in place for the independent investigations of such matters and for appropriate follow up actions. No such whistle-blowing letter was received in FY2020.

Internal Audit

The internal audit function of the Group is conducted by the internal audit team of the Company. The internal audit team performs risk assessment and conducts the review of the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems. The internal auditors report primarily to the AC on internal audit matters and the AC is empowered to review any of the accounting, auditing and financial practices of the Company and the Group. The internal auditors assist the AC in ensuring that the Company maintains a sound system of internal controls, including financial, operational, compliance and information technology controls, and risk management through regular monitoring of key controls and procedures and ensuring their adequacy and effectiveness, undertaking investigations as directed by the AC, and conducting regular audits of high-risk areas. The internal auditors have unfettered access to all the Group's documents, records, properties and personnel, including unrestricted direct access to the AC on internal audit matters. The AC reviews and endorses the internal audit plan and internal audit reports of the Group. Any material non-compliance or failures in the internal audit function and recommendations for improvements are reported to the AC.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE (PRINCIPLE 10) (CONT'D)

The internal audit function is independent of the activities it audits and carries out its activities in compliance with the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Board and the AC are of the opinion that the internal audit function is independent, effective and adequately resourced and internal audits are performed by competent professional staff with the relevant qualifications and experience. The AC will review annually the independence, adequacy and effectiveness of the internal audit function. The AC will also approve the appointment, removal, evaluation and compensation of the head of the internal audit function.

SHAREHOLDER RIGHTS AND ENGAGEMENT (PRINCIPLES 11 AND 12)

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.

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

The Board is mindful of the obligation to provide timely and fair disclosure of material information. The Board is accountable to Shareholders while the Management is accountable to the Board. The Management currently provides the Board with management accounts of the Group's position, performance and prospects on a quarterly basis and as and when deemed necessary.

Following the amendments to Rule 705 of the Catalist Rules which took effect as of 7 February 2020, the Company will announce the unaudited financial statements of the Company and the Group on a half-yearly basis (instead of on a quarterly basis) in accordance with the Catalist Rules. The Board believes that announcements of financial statements on a half-yearly basis coupled with enhanced disclosure requirements is sufficient to keep Shareholders and potential investors updated on the Company's and the Group's state of affairs.

Notwithstanding the foregoing, the Board would like to assure Shareholders that the Company will comply with its continuing disclosure obligations to keep Shareholders updated as and when appropriate, should there be any material developments (financial or otherwise) relating to the Company or the Group.

The Board reviews legislative and regulatory compliance reports from the Management to ensure that the Group complies with the relevant requirements. In line with the Catalist Rules, the Board provides a negative assurance statement in its half-year financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect. All the Directors and key management personnel of the Group have also signed a letter of undertaking pursuant to Rule 720(1) of the Catalist Rules.

Results and other material information are released through SGXNet on a timely basis for the dissemination to Shareholders and the public in accordance with the requirements of the SGX-ST.

The Board welcomes the views of Shareholders on matters affecting the Company, whether at the general meetings of Shareholders or on an ad hoc basis. Shareholders are informed of the general meetings through notices published in the newspapers and reports or circulars sent to all Shareholders. At the general meetings, Shareholders will be given the opportunity to express their views and ask Directors or the Management questions regarding the Company and the Group. The external auditors will also be present to address Shareholders' queries about the conduct of the audit and the preparation and content of the auditors' report.

The Company does not have a dedicated investor relations team. The CFO is responsible for the Company's communication with Shareholders. The public can provide feedback to the Company Secretary via electronic mail at investors@wcg.com.sg or the Company's registered address at 8 Robinson Road #03-00 ASO Building Singapore 048544.

Shareholders who are not relevant intermediaries can vote in person or appoint not more than two (2) proxies (or in the case of Shareholders who are relevant intermediaries, more than two (2) proxies) to attend, speak and vote on their behalf at the general meetings. There is no provision in the Company's Constitution that limits the number of proxies for nominee companies.

CORPORATE GOVERNANCE REPORT

SHAREHOLDER RIGHTS AND ENGAGEMENT (PRINCIPLES 11 AND 12) (CONT'D)

The Company currently does not have a fixed dividend policy. The form, frequency and amount of declaration and payment of future dividends on the Company's shares that the Directors may recommend or declare in respect of any particular financial year or period will take into consideration the Group's retained earnings and expected future earnings, operations, cash flow, capital requirements and general financing condition, as well as general business conditions and other factors which the Directors may deem appropriate (the "**Dividend Factors**"). No dividend has been declared or recommended by the Board for FY2020 as the Board deemed it more appropriate to utilise the Group's cash to reduce its borrowings, improve working capital and for its future growth.

The Company may declare dividends by way of an ordinary resolution of Shareholders at a general meeting, but may not pay dividends in excess of the amount recommended by the Directors. The declaration and payment of dividends will be determined at the sole discretion of the Directors, subject to the approval of Shareholders. The Directors may also declare an interim dividend without the approval of Shareholders.

All Shareholders receive reports or circulars of the Company which include notice of general meeting by post within the mandatory period. Notice of general meeting is released through SGXNet and published in the newspapers within the same period. The results of the general meetings are also released on SGXNet on the same day.

All registered Shareholders are encouraged to participate during the general meetings. The procedures of the general meetings provide Shareholders the opportunity to ask questions relating to each resolution tabled for approval. Shareholders are encouraged to provide their views on matters relating to the Company.

Matters which require Shareholders' approval were presented and proposed as a separate resolution. The Company tables separate resolutions at general meetings of Shareholders on each substantially separate and distinct issue. Each item of special business in the notice of general meeting is accompanied by an explanatory note, where appropriate. Proxy form is also sent with the notice of general meeting to all Shareholders.

For greater transparency, the Company will put all resolutions to vote by poll at general meetings and an announcement of the detailed results of the number of votes cast for and against each resolution and the respective percentages will be made on the same day.

If Shareholders are unable to attend the general meetings, a Shareholder who is not a relevant intermediary may appoint not more than two (2) proxies (or in the case of a Shareholder who is a relevant intermediary, more than two (2) proxies) to attend and vote on their behalf at the general meetings. The Company's Constitution allows for absentia voting at general meetings of Shareholders. Notwithstanding the above, absentia voting and by electronic mail may only be possible following careful study to ensure that integrity of the information and authentication of the identity of Shareholders through the web is not compromised.

For FY2020, due to the COVID-19 outbreak and the circuit breaker put in place by the Singapore Government, the Company's previous AGM held on 11 June 2020 ("**2020 AGM**") was held by way of electronic means, through "live webcast" and "audio-only means". The notice of AGM was not published in the newspaper, but was instead disseminated to Shareholders through publication on SGXNet and the Company's website, in accordance with the alternative arrangements for holding of the AGM approved by the relevant authorities. The Company had also published a letter to Shareholders, together with the notice of AGM, detailing the alternative arrangements for the 2020 AGM, during the COVID-19 pandemic. Shareholders participated in the 2020 AGM via electronic means, voting by appointing the Chairman of the 2020 AGM as proxy and their questions (if any) in relation to any resolution set out in the notice of AGM were sent to the Company in advance of the 2020 AGM, and responses to the questions were provided via announcement on SGXNet and the Company's website. The Company did not receive any question from Shareholders before the 2020 AGM. However, the Company had received three (3) questions from the Securities Investors Association (Singapore) in respect of the Company's Annual Report 2019. The Company had addressed these questions prior to the 2020 AGM via publication on SGXNet and the Company's website on 10 June 2020. In respect of the 2020 AGM, the Company published the minutes of the 2020 AGM on the SGXNet within one month from the date of the general meeting.

All Directors, Management, Company Secretary, external auditors and the Company's sponsor attended the 2020 AGM. Save for the 2020 AGM, there were no other general meetings of the Company held during FY2020.

The Company Secretary prepares minutes of the general meetings which include substantial and relevant comments or queries from Shareholders relating to the agendas of the meetings, and responses from the Board and the Management. These minutes are subsequently approved by the Board and published on the corporate website of the Company. On receipt of any request from Shareholders, the minutes will also be made available to them at the registered office of the Company during office hours.

CORPORATE GOVERNANCE REPORT

ENGAGEMENT WITH STAKEHOLDERS (PRINCIPLE 13)

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 Company's engagement with all stakeholders will be set out in details in the Sustainability Report to be published annually on the Company's corporate website.

The Company takes its corporate social responsibilities seriously and it is not involved nor does it have any legal violation pertaining to future generation, employee, customer and community.

The Company's latest announced financial results, annual reports and Code of Conduct are available on the Company's website at www.wcg.com.sg.

OTHER CORPORATE GOVERNANCE

MATTERS CONFLICTS RESOLUTION COMMITTEE

The CRC comprises three (3) Directors, all of whom are Independent Directors. The members of the CRC are as follows:

Ong Tuen Suan	Chairman	Lead Independent Director
Yeoh Seng Huat Geoffrey	Member	Independent Director
Tan Seng Chuan	Member	Independent Director

The CRC will meet at least once a year. In FY2020, the CRC has met once.

The CRC shall be responsible for reviewing all conflicts (whether potential, actual or perceived), that may arise from time to time in the course of the Group's business between the Group and any of the Director, controlling Shareholder, CEO and/or any of their respective associates.

The CRC carries out its duties in accordance with a set of terms of reference which includes, the following key terms:

- reviewing on an annual basis, the protocols established to resolve conflicts of interest (whether potential, perceived or actual) to ascertain that the guidelines provided in such protocols are adequate and/or stay relevant to the business and affairs of the Group, and recommending to the Board such modifications as may be expedient or necessary, including such modifications that are necessary to ensure that the conduct of ordinary business by the Group is not unduly impeded or restricted in any way, taking into consideration the experience and issues, if any, arising from past transactions. In so doing, and if deemed necessary by the CRC, the advice and assistance from legal counsel or other professional advisers may be sought;
- reviewing the scope of relevant associates to ensure that any potential conflicts of interests will be sufficiently mitigated;
- reviewing the specific conflicts of interest (whether potential, actual or perceived) that may arise from time to time in the course of business conducted or carried on by the Group; in particular, in respect of any transaction of the Group where any Director, controlling Shareholder, CEO (if not a Director) and/or any of their relevant associates is involved as a competitor or potential competitor (or one of the competitors or potential competitors), and ensure that if a conflict arises, such conflict is dealt with and adequately resolved; and
- reviewing any transaction brought to it for its approval where any of the Directors or CEO and their relevant associates intends to:
 - (a) undertake passive investment in any real estate, either in their individual capacities or through special purpose vehicles, within the specified region (i.e. Australia, Indonesia, Malaysia, New Zealand and the Philippines), and the amount to be invested in a single investment or development project exceeds 5% of the Group's net asset value based on its latest audited financial statements; or

CORPORATE GOVERNANCE REPORT

CONFLICTS RESOLUTION COMMITTEE (CONT'D)

- (b) invest, either in their individual capacities or through special purpose vehicles, in securities of any listed company or listed real estate investment trust as well as private real estate funds which has more than 50% of its assets comprising interests in real estate located in the specified region ("**Investee Companies**"), and such investment will result in the person holding 5% or more of the voting rights or share capital in the Investee Companies.

The CRC has put in place mitigation procedures when the Group identifies a potential property development project and/or acquisition of a land bank and/or property for development or investment purposes and the Board will be notified of its intention to pursue the transaction.

DEALING IN SECURITIES

The Company has adopted an internal securities code of compliance to provide guidance to the Directors, officers and all employees of the Group with regard to dealing in the Company's securities pursuant to Rule 1204(19) of the Catalist Rules. During FY2020, the Company issues half yearly circulars to its Directors, officers and employees of the Group prohibiting dealing in its shares during the period commencing one (1) month before the announcement of the Company's half year and full year financial results, and ending on the date of announcement of the relevant results. Directors, officers and employees of the Group are also advised against dealing in the Company's securities when they are in possession of any unpublished price-sensitive information of the Group at all times. In addition, the Company discourages the Directors, officers and employees of the Group from dealing in the Company's securities on short-term considerations. The Directors, officers and employees of the Group are expected to observe the insider trading laws at all times even when dealing in securities within the permitted trading period. The Group confirms that it has adhered to its internal securities code of compliance for FY2020.

INTERESTED PERSON TRANSACTIONS

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out the procedures for review and approval of the Company's interested person transactions ("**IPTs**"). All IPTs are reported in a timely manner to the AC and are subject to the review of the AC when a potential conflict of interest arises. The IPTs are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority Shareholders. The Director(s) concerned does not participate in discussions and refrains from exercising any influence over other members of the Board. In FY2020, the Company did not enter into any IPTs which require Shareholders' approval under the Catalist Rules.

The Group does not have a general mandate from Shareholders for IPTs pursuant to Rule 920(1)(a)(i) of the Catalist Rules. Notwithstanding this, the Group had entered into and will continue to enter into certain IPTs, details of which were duly disclosed in the Company's initial public offering document dated 6 June 2017, in the section entitled "Interested Person Transactions and Potential Conflicts of Interests – Present and On-going Interested Person Transactions". The aggregate value of the IPTs above S\$100,000 entered into during FY2020 is as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during FY2020 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$'000)
Aspial Corporation Limited ("Aspial")	Controlling Shareholder	602	–
– Loan interest			

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS (CONT'D)

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during FY2020 (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (S\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (S\$'000)
Aspial Treasury Pte. Ltd. ⁽¹⁾	A wholly-owned subsidiary of Aspial		
- Loan interest		15,271	-
Aspial Corporate Services Pte Ltd	A subsidiary of Aspial		
- Corporate charges		1,128	-
Aspial Capital (Ubi) Pte Ltd ⁽²⁾	A subsidiary of Aspial		
- Leasing of office premises		468	-
WCL (QLD) Margaret St Pty. Ltd. ⁽²⁾	A 65%-owned subsidiary of the Company and the balance 35% shareholding interests owned by other interested persons of the Group		
- Provision of corporate guarantee		6,500	-
- Finance charges		350	-

Notes:

- (1) The Group has loans owing to Aspial Treasury Pte. Ltd. of S\$194,205,000 as at 31 December 2020, which is interest-bearing at 6.38% to 6.50% per annum. These loans are unsecured, with varying maturities of between one (1) and twelve (12) months and are to be settled in cash.
- (2) Please refer to the Company's announcement dated 23 July 2020 for more information.

MATERIAL CONTRACTS

Save as disclosed above in the section entitled "Interested Person Transactions" and the service agreement entered into between the Executive Director and the Company, there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interests of any Director or controlling Shareholder which are either still subsisting as at the end of FY2020 or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2019.

NON-SPONSOR FEES

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees payable or paid to the Company's sponsor, ZICO Capital Pte. Ltd., in FY2020.

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION - APPENDIX 7F TO THE CATALIST RULES

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to Mr Yeoh Seng Huat Geoffrey and Mr Tan Seng Chuan, being the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

Name of Director	Mr Yeoh Seng Huat Geoffrey	Mr Tan Seng Chuan
Date of first appointment	1 June 2017	1 June 2017
Date of last re-appointment (if applicable)	25 April 2018	25 April 2018
Age	64	64
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr Yeoh Seng Huat Geoffrey as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Yeoh Seng Huat Geoffrey's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr Tan Seng Chuan as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr Tan Seng Chuan's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
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 Director, Chairman of the AC, as well as a member of the NC, RC and the CRC	Independent Director, Chairman of the RC, as well as a member of the AC, NC and the CRC
Professional qualifications	<ul style="list-style-type: none"> - Bachelor of Science (Economics), London School of Economics and Political Science - Fellow, Association of Chartered Certified Accountants, United Kingdom 	<ul style="list-style-type: none"> - Bachelor in Engineering (Civil), National University of Singapore - Master in Science (Building Science), National University of Singapore - Professional Engineer (Civil) - Chartered Engineer for Environment and Water - Honorary Fellow, Institution of Engineers, Australia and Singapore
Working experience and occupation(s) during the past 10 years	<p>2015 to Present: Retired</p> <p>2013 to 2014: Chief Financial Officer, PACC Offshore Services Holdings Ltd</p> <p>2006 to 2012: Executive Director, Jasper Investments Limited</p>	<p>November 2017 to Present: Managing Director, TEMBUSU Asia Consulting Pte Ltd</p> <p>August 2015 to October 2017: Regional Managing Director (Asia Pacific), Ramboll Environ Singapore Pte Ltd</p> <p>January 2010 to February 2015: Regional Director (Asia Pacific) Environmental Services Business Group, CH2M HILL Singapore Consulting Pte. Ltd.</p>
Shareholding interest in the listed issuer and its subsidiaries	NIL	NIL

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION - APPENDIX 7F TO THE CATALIST RULES (CONT'D)

Name of Director	Mr Yeoh Seng Huat Geoffrey	Mr Tan Seng Chuan
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	NIL	NIL
Conflict of interest (including any competing business)	NIL	NIL
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(8)		
Past (for the last 5 years)	Other Principal Commitment: Nil Directorships: – Hoe Leong Corporation Ltd – Turnkey Development Pte Ltd	Other Principal Commitment: Nil Directorships: – Ramboll Consulting Pte. Ltd. – Ramboll Singapore Pte. Ltd. – Engineers Singapore Pte. Ltd.
Present	Other Principal Commitment: Nil Directorship: – Global Testing Corporation Limited	Other Principal Commitment: Nil Directorship: – TEMBUSU Asia Consulting Pte Ltd

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION - APPENDIX 7F TO THE CATALIST RULES (CONT'D)

Name of Director	Mr Yeoh Seng Huat Geoffrey	Mr Tan Seng Chuan
<p>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.</p>		
(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
(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

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION - APPENDIX 7F TO THE CATALIST RULES (CONT'D)

Name of Director	Mr Yeoh Seng Huat Geoffrey	Mr Tan Seng Chuan
(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?	Yes. Mr Yeoh Seng Huat Geoffrey was a director of Econ Corporation Limited (" ECL ") which was debarred from tendering for public construction works from March 2004 to March 2009, on grounds of the termination of certain public construction contracts arising from the failure of ECL to complete the relevant contracts as a contractor. ECL's directors were similarly debarred on grounds that they were directors of a company that failed to complete the relevant public construction contracts.	No

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION - APPENDIX 7F TO THE CATALIST RULES (CONT'D)

Name of Director	Mr Yeoh Seng Huat Geoffrey	Mr Tan Seng Chuan
<p>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-</p> <p>(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or</p> <p>(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</p> <p>(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</p> <p>(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,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>	<p>Yes. Mr Yeoh Seng Huat Geoffrey joined the board of Carats Limited on 29 August 2005 as an independent director and a member of its audit committee. In November 2005, the audit committee appointed KPMG LLP as its special auditor to conduct a review of certain transactions which took place prior to Mr Yeoh's appointment as an independent director. The report issued by KPMG LLP was subsequently referred to the Monetary Authority of Singapore and the Commercial Affairs Department.</p>	No
<p>(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?</p>	No	No

CORPORATE GOVERNANCE REPORT

ADDITIONAL INFORMATION ON DIRECTORS NOMINATED FOR RE-ELECTION - APPENDIX 7F TO THE CATALIST RULES (CONT'D)

Name of Director	Mr Yeoh Seng Huat Geoffrey	Mr Tan Seng Chuan
Disclosure applicable to the appointment of Director only.		
<p>Any prior experience as a director of an issuer listed on the Exchange? If yes, please provide details of prior experience.</p> <p>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. 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)</p>	<p>Not applicable. This is a re-election of a Director of the Company.</p>	<p>Not applicable. This is a re-election of a Director of the Company.</p>

NOTICE TO SHAREHOLDERS

UPDATE ON AUSTRALIA'S FOREIGN INVESTMENT REGIME

For the purposes of the Australian *Foreign Acquisitions and Takeovers Act 1975 (Cth)*, as amended by the Foreign Acquisitions and Takeovers Legislation Amendment Act 2015 (Cth) (the "FATA"), the Company would like to inform shareholders that, as at 31 December 2020:

- (a) Approximately 58% of the Company's and its subsidiaries' total assets consist of interests in Australian land assets (based on the exchange rate as at 31 December 2020 of A\$1.00: S\$1.0187). Accordingly, the Company is an Australian Land Corporation (as defined herein);
- (b) the Company holds an interest in 100.0% of the shares in World Class Land (Australia) Pty Ltd, in which gross Australian assets have a carrying value of approximately A\$434.6 million. Accordingly, World Class Land (Australia) Pty Ltd, is a Prescribed Australian Entity (as defined herein); and
- (c) the Company is an offshore company with respect to Australia, and the Company's Australian subsidiaries' aggregate assets in Australia amounted to approximately A\$434.6 million. Accordingly, the Company is an Offshore Corporation (as defined herein).

Foreign persons acquiring interests in an Australian Land Corporation

An Australian Land Corporation (or ALC) is a corporation where the sum of the values of its and its subsidiaries' interests in Australian land assets exceeds 50% of the sum of the values of their total assets.

Under the FATA, a foreign person who proposes to acquire an interest in an ALC is required to notify the Treasurer of Australia (the "**Australian Treasurer**") (through the Foreign Investment Review Board (the "**FIRB**")) and obtain a statement of no objections ("**FIRB Approval**") prior to such investment.

A 'foreign person' is:

- (a) a natural person not ordinarily resident in Australia ("**Non-Australian Resident**");
- (b) a corporation in which a Non-Australian Resident, a foreign corporation (being a corporation incorporated in a country other than Australia) ("**Non-Australian Corporation**"), or a foreign government holds a substantial interest (an interest of at least 20%);
- (c) a corporation in which two or more persons, each of whom is either a Non-Australian Resident, a Non-Australian Corporation, or a foreign government hold in aggregate a substantial interest (an aggregate interest of at least 40%);
- (d) the trustee of a trust in which a Non-Australian Resident, a Non-Australian Corporation, or a foreign government holds a substantial interest (an interest of at least 20%);
- (e) the trustee of a trust in which two or more persons, each of whom is either a Non-Australian Resident, a Non-Australian Corporation, or a foreign government hold in aggregate a substantial interest (an aggregate interest of at least 40%);
- (f) a foreign government;
- (g) a general partner of a limited partnership who is a Non-Australian Resident, a Non-Australian Corporation, or a foreign government who holds an interest of at least 20% in the partnership; or
- (h) a general partner of a limited partnership in which two or more persons each of whom is a Non-Australian Resident, a Non-Australian Corporation, or a foreign government hold an aggregate interest of at least 40% in the partnership.

Pursuant to the FATA, an acquisition of shares by a foreign person in an ALC will not require pre-notification if all of the following conditions are satisfied:

- (a) the acquisition is of an interest in Australian land that is an acquisition of an interest in shares or units in a land entity;
- (b) the land entity is or will be listed for quotation in the official list of a stock exchange (whether or not in Australia);

NOTICE TO SHAREHOLDERS UPDATE ON AUSTRALIA'S FOREIGN INVESTMENT REGIME

- (c) after the acquisition, the foreign person, alone or together with one or more associates, holds an interest of less than 10% in the land entity; and
- (d) the foreign person is not in a position:
 - (i) to influence or participate in the central management and control of the land entity; or
 - (ii) to influence, participate in or determine the policy of the land entity.

In the event the Company is an ALC:

- conditions (a) and (b) above will be satisfied; and
- conditions (c) and (d) above will be satisfied so long as (i) the foreign person (alone or together with one or more associates), holds an interest of less than 10% in the Company; and (ii) such foreign person is not in a position to influence or participate in the central management and control of the Company or influence, participate in or determine the policy of the Company.

As such, an acquisition of Shares by a foreign person who satisfies conditions (c) and (d) will not be required to pre-notify and obtain FIRB Approval prior to such acquisition.

However, an acquisition of Shares by a foreign person who does not satisfy conditions (c) and (d) will be required to pre-notify and obtain FIRB Approval prior to such acquisition.

The obligation to notify and obtain FIRB Approval is imposed upon the acquirer of the interest (i.e. any persons who acquire shares in an ALC). The failure to notify and obtain FIRB Approval is an offence under the FATA by the acquirer of such interest which, if the acquirer is convicted, could result in a fine to, or imprisonment of, the acquirer of the shares, or both. The failure by an acquirer to notify and obtain FIRB Approval does not have a direct impact on the ALC as the requirement to notify is, and any penalties for not doing so are, only imposed on the acquirer of the shares.

While the acquisition of an interest in an ALC without prior notification and FIRB Approval is an offence, a failure to notify does not make such acquisition invalid or illegal. However, if the Australian Treasurer considers the proposed acquisition by a foreign person of an interest in an ALC to be contrary to Australia's national interest, or is a notifiable national security action, the Australian Treasurer has powers to make adverse orders on the foreign person, including prohibition of the acquisition, if such acquisition has not occurred, or ordering the disposal of the interest acquired, if such acquisition has already occurred.

Under the FATA, in the event an acquirer of an interest in an ALC fails to notify the FIRB and obtain FIRB Approval for the acquisition, and the Australian Treasurer orders the disposal of the interest acquired, the disposal of such interest must be made within such period as specified in the disposal order.

The Australian Government's foreign investment policy is to channel foreign investment into new dwellings and that all applications for FIRB Approval are considered in light of the overarching principle that proposed investment should increase Australia's housing stock.

Notification to the FIRB can be made online via the FIRB's website at www.firb.gov.au. A fee is payable for all foreign investment applications. The notification requires information to be provided about the applicant, including, among other things, its structure and financial information, about the relevant Australian Land Corporation and the proposed acquisition.

The Australian Treasurer has a period of 30 days in which to make a decision on an application. This period may be extended for a further period of up to 90 days if the Australian Treasurer is of the view that additional time is required to assess the application.

Foreign persons acquiring interests in a company whose Australian subsidiaries or gross Australian assets (whether represented by interests in Australian land or otherwise) are valued above A\$281 million (or such other amount as is prescribed by the Australian Government regulation)

NOTICE TO SHAREHOLDERS

UPDATE ON AUSTRALIA'S FOREIGN INVESTMENT REGIME

When such action is a notifiable action

As highlighted above, an action is a notifiable action, if, amongst other things, a foreign person acquires a substantial interest in an Australian entity, being an entity incorporated in Australia, whose Australian subsidiaries or gross Australian assets (whether represented by interests in Australian land or otherwise) are valued above A\$281 million or such other amount as is prescribed by the Australian Government regulation (a "**Prescribed Australian Entity**").

As the Company is not incorporated in Australia, acquisitions of Shares in the Company will not be considered an acquisition of an interest in an Australian entity. As such, an acquisition of a substantial interest in the Company will not be a notifiable action and thus will not require pre-notification and FIRB approval before such an acquisition, unless the acquisition results in the acquirer being able to exercise or control the exercise of a right attaching to shares in any Australian subsidiaries of the Company which are Prescribed Australian Entities.

Any foreign person who proposes to enter into a transaction or arrangement that would entitle the foreign person to potentially exercise control over rights attaching to shares in an Australian entity or an Australian Land Corporation should satisfy themselves as to their compliance with Australia's foreign investment regime before entering into the transaction or arrangement.

When such action is a significant action

Under the FATA, if an action is a significant action, a foreign person may voluntarily pre-notify and obtain FIRB Approval for such significant action. In the context of acquisitions of shares, an action is a significant action, if:

- (i) the action is to acquire interests in securities in an entity;
- (ii) the threshold test is met in relation to the entity (that is, the entity has gross Australian assets or Australian subsidiaries valued at more than A\$281 million or such other amount as is prescribed by Australian Government regulation);
- (iii) the entity is a holding entity of a corporation that is a relevant entity that carries on an Australian business, whether alone or together with one or more other persons;
- (iv) the action is taken by a foreign person; and
- (v) there would be or has been change in control of the entity as a result of the action.

This means that an action is a significant action if a foreign person (i) acquires an interest in an offshore company whose Australian subsidiaries or gross Australian assets (whether represented by interests in Australian land or otherwise) are valued above A\$281 million or such other amount as is prescribed by Australian Government regulation (the "**Offshore Corporation**"), and (ii) such acquisition results in there being a 'change of control' of the Offshore Corporation.

Generally, there will be a 'change of control' under the FATA if, amongst other things, a foreign person acquires a substantial interest¹ in the entity as a result of the acquisition.

Whilst a proposed acquisition of an interest in an Offshore Corporation by a foreign person which gives rise to a change in control in the Offshore Corporation (i) does not require mandatory pre-notification under the FATA (as the Offshore Corporation is an offshore company) and (ii) does not expose the acquirer to potential penalties for breach of the FATA, as the failure to notify prior to acquisition is not a breach of the FATA, if the Australian Treasurer forms the view that the proposed acquisition of an interest in an Offshore Corporation is contrary to the national interest or is a notifiable national security action, the Australian Treasurer may make an order blocking the proposed acquisition, if such acquisition has not occurred, or ordering a disposal of the interest acquired, if such acquisition has already occurred. The timelines for approval of an acquisition of an interest in an Offshore Corporation and for disposal of that interest in the event that a disposal order is made by the Australian Treasurer are the same as set out above in relation to the acquisition of interests in ALCs.

¹ An interest of at least 20% in an entity.

NOTICE TO SHAREHOLDERS UPDATE ON AUSTRALIA'S FOREIGN INVESTMENT REGIME

The Offshore Corporation provisions operate independently of the ALC provisions. Both regimes may apply to a proposed acquisition – for example, in relation to the proposed acquisition of a substantial interest in a company with Australian assets greater than A\$281 million (and of which more than 50% of its assets constitute interests in Australian land in circumstances where a relevant exemption does not apply).

If both the ALC provisions and the Offshore Corporation provisions apply, only one (1) FIRB notification is required. The FATA provides that any approval of the Australian Treasurer for the purposes of the provisions of the FATA dealing with ALCs will also be an approval for the purposes of the provisions of the FATA dealing with Offshore Corporations.

It is the responsibility of any persons who wish to acquire Shares in the Company to satisfy themselves as to their compliance with Australia's foreign investment regime which is set out in the FATA before acquiring Shares in the Company.

FINANCIAL REPORT

Index	Page
Directors' statement	44
Independent auditor's report	47
Consolidated statement of comprehensive income	52
Statements of financial position	53
Statements of changes in equity	54
Consolidated statement of cash flows	56
Notes to the financial statements	57

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of World Class Global Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) and the statement of financial position 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 statement of financial position 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 of 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
Ng Sheng Tiong
Koh Lee Hwee
Ong Tuen Suan
Yeoh Seng Huat Geoffrey
Tan Seng Chuan

In accordance with Article 97 of the Company's Constitution, Yeoh Seng Huat Geoffrey and Tan Seng Chuan retire and, being eligible, offer themselves for re-election.

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR 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' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Held by directors			Other shareholdings in which directors are deemed to have an interest		
	1 January 2020	31 December 2020	21 January 2021	1 January 2020	31 December 2020	21 January 2021
World Class Global Limited						
Ordinary shares						
Koh Wee Seng	22,750,000	22,750,000	22,750,000	742,828,700	742,828,700	742,828,700
Ng Sheng Tiong	22,300,000	22,300,000	22,300,000	-	-	-
Koh Lee Hwee	-	-	-	742,828,700	742,828,700	742,828,700
Fellow subsidiaries						
World Class Land Pte. Ltd.						
Ordinary shares						
Koh Wee Seng	250,000	250,000	250,000	4,500,000	4,500,000	4,500,000
Ng Sheng Tiong	250,000	250,000	250,000	-	-	-
Koh Lee Hwee	-	-	-	4,500,000	4,500,000	4,500,000
WCL (QLD) Margaret St Pty. Ltd.						
Ordinary shares						
Koh Wee Seng	5,100,000	5,100,000	5,100,000	16,575,000	16,575,000	16,575,000
Ng Sheng Tiong	-	-	-	2,550,000	2,550,000	2,550,000
Koh Lee Hwee	-	-	-	19,125,000	19,125,000	19,125,000
AF Global Limited						
Ordinary shares						
Koh Wee Seng	-	8,629,075	8,629,075	440,691,785	441,857,365	441,857,365
Koh Lee Hwee	-	182,000	182,000	440,691,785	440,691,785	440,691,785
Maxi-Cash Financial Services Corporation Ltd.						
Ordinary shares						
Koh Wee Seng	96,181,017	121,198,396	121,198,396	727,571,074	670,219,420	670,219,420
Ng Sheng Tiong	7,381,482	7,381,482	7,381,482	14,288,888	28,196,664	28,196,664
Koh Lee Hwee	14,288,888	28,196,664	28,196,664	734,687,805	677,336,151	677,336,151
Immediate holding company						
Aspial Corporation Limited						
Ordinary shares						
Koh Wee Seng	373,463,357	373,463,357	373,463,357	1,142,907,178	1,143,219,554	1,143,219,554
Ng Sheng Tiong	19,174,484	19,174,484	19,174,484	30,890,888	30,890,888	30,890,888
Koh Lee Hwee	30,890,888	30,890,888	30,890,888	1,156,999,571	1,156,999,571	1,156,999,571
Ultimate holding company						
MLHS Holdings Pte. Ltd.						
Ordinary shares						
Koh Wee Seng	1,410,000	1,410,000	1,410,000	-	-	-
Ng Sheng Tiong	-	-	-	727,500	727,500	727,500
Koh Lee Hwee	727,500	727,500	727,500	-	-	-

DIRECTORS' STATEMENT

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES (CONT'D)

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Koh Wee Seng and Koh Lee Hwee are deemed to have an interest in the shares of all the subsidiaries to the extent held by Aspial Corporation Limited.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants 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.

OPTIONS

No options were issued by the Company during the financial year. As at 31 December 2020, there are no options on the unissued shares of the Company or any other body corporate which were outstanding.

AUDITOR

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the Board of Directors:

Koh Wee Seng
Director

Ng Sheng Tiong
Director

Singapore
29 March 2021

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLD CLASS GLOBAL LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of World Class Global Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the statements of financial position of the Group and Company as at 31 December 2020, statements of changes in equity of the Group and Company and the consolidated statement of comprehensive income and statement of cash flows 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 statement of financial position 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 ("**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 ("**ACRA**") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("**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 judgement, 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 below. 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.

Carrying values of development properties, properties held for sale and hotel properties included in property, plant and equipment ("PPE**")**

As at 31 December 2020, the Group's development properties, properties held for sale and hotel properties included in property, plant and equipment ("**PPE**") amounted to \$220,507,000, \$251,601,000 and \$63,021,000 respectively, which in aggregate, represented 82.4% of the Group's total assets. These development properties, properties held for sale and hotel properties are located in Australia and Malaysia.

For development properties, a significant proportion of these development properties relate to projects that have not been launched or completed as at 31 December 2020. In ascertaining net realisable value ("**NRV**"), significant judgment is involved as management either needs to estimate the expected selling price (taking into account estimated costs to complete construction) based on the future property market and economic conditions in the respective markets, or use external appraisers to support its determination of market prices.

For properties held for sale, in ascertaining NRV, significant judgment is involved as management either has to estimate the expected selling price based on the current property market and economic conditions in the respective markets, or use external appraisers to support its determination of market prices.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLD CLASS GLOBAL LIMITED

KEY AUDIT MATTERS (CONT'D)

Carrying values of development properties, properties held for sale and hotel properties included in property, plant and equipment ("PPE") (cont'd)

For hotel properties, the Group follows the guidance in SFRS(I) 1-36 Impairment of Assets in determining whether it is necessary to recognise any impairment. Management exercises significant judgment in determining whether there is any indication that the hotel properties may be impaired. If there is any indication of impairment, significant judgment is involved as management needs to estimate the recoverable amounts of these hotel properties based on the current property market and economic conditions in the respective markets, or use external appraisers to support its determination of market prices.

Given the magnitude of these assets and the significant estimation uncertainties involved in determining the NRV of development properties and properties held for sale and the recoverable amounts of hotel properties included in PPE, we have identified the assessment of carrying values of development properties, properties held for sale and hotel properties included in PPE as a key audit matter.

To address the risk of material misstatement relating to the carrying values of development properties, properties held for sale and hotel properties, our audit procedures included, amongst others, inquiry of management and assessment of the existence of any indicators that the NRV or recoverable amount is lower than their respective carrying values. We assessed the reasonableness of the estimated selling prices, taking into account market prices for similar properties in the respective markets, where applicable. We also performed sensitivity analysis on the NRV or recoverable value by simulating reasonable changes in the key assumptions in light of the increased estimation uncertainty in market and economic conditions brought on by the COVID-19 pandemic.

Where management used external appraisers to support its determination of estimated selling prices, we evaluated the objectivity, competence and capabilities of the appraisers. We also involved our internal real estate specialists in assessing the appropriateness of the valuation method and certain key assumptions used in the valuations.

In addition to the above procedures, in assessing the appropriateness of management's NRV assessment of the development properties and impairment assessment of the hotel properties, we performed procedures to evaluate the reasonableness of the estimated costs of completing the development properties and hotel properties under construction. We obtained an understanding of the Group's internal controls with respect to the project budgeting and monitoring process and inquired with management on the development status of on-going and significant projects. We also examined documentation of the progress of material projects such as costs incurred to-date, estimated costs to complete and timing of completion.

Further, we assessed the adequacy of disclosures related to development properties, properties held for sale and hotel properties in Note 2.13 Development properties, Note 2.14 Properties held for sale, Note 2.7 Property, plant and equipment, Note 3.2(a) Estimation of net realisable value for development properties, Note 3.2(b) Estimation of net realisable value for properties held for sale, Note 3.2(c) Impairment of property, plant and equipment, Note 13 Development properties, Note 14 Properties held for sale and Note 10 Property, plant and equipment, in relation to the financial statements.

Valuation of investment properties

As at 31 December 2020, the Group's investment properties are carried at fair value amounting to \$98,613,000, which represented 15.2% of the Group's total assets. These investment properties are located in Australia and Malaysia.

Management has engaged independent external appraisers to assist the Group in determining the fair values of these investment properties. Given the magnitude of these assets and as disclosed in Note 3.2(d) *Key sources of estimation uncertainty*, the increase in the level of estimation uncertainty in determining the fair value of the investment properties as at 31 December 2020 arising from the changes in market and economic conditions brought on by the COVID-19 pandemic, we have identified the valuation of investment properties as a key audit matter.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLD CLASS GLOBAL LIMITED

KEY AUDIT MATTERS (CONT'D)

Valuation of investment properties (cont'd)

To address the risk of material misstatement relating to the valuation of investment properties, our audit procedures included, amongst others, obtaining an understanding of the process and key controls over the Group's valuation process. We reviewed management's valuation of the investment properties and assessed the appropriateness of the valuation methodology in accordance with the requirements of SFRS(I) 13 Fair Value Measurement, evaluated the objectivity and competency of the external appraisers and read the terms of engagement to determine whether there were any limitation in the scope of work or matters that might affect the objectivity of the external appraisers. We inquired with the external appraisers and obtained information to support the selection of valuation method, valuation adjustments made in light of the increased estimation uncertainty as well as the key assumptions including the indicative values of comparable properties. We involved our internal real estate specialists in assessing the reasonableness of the key valuation assumptions and inputs used by management as disclosed in Note 20(d) to the financial statements. We also performed sensitivity analysis on the fair values by simulating reasonable changes in the key assumptions in light of the increased estimation uncertainty due to the current market and economic conditions.

Further, we assessed the adequacy of disclosures related to investment properties in Note 2.8 Investment Properties, Note 3.2(d) Valuation of investment properties, Note 11 Investment Properties, in relation to the financial statements.

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.

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLD CLASS GLOBAL LIMITED

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 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 SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WORLD CLASS GLOBAL LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

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
29 March 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$'000	2019 \$'000
Revenue	4	169,540	205,440
Cost of sales		(113,513)	(151,276)
Employee benefits	6	(3,119)	(3,899)
Depreciation		(241)	(188)
Net foreign exchange gain/(loss)		3,272	(1,442)
Finance costs		(12,132)	(3,421)
Other operating expenses		(51,593)	(28,570)
Interest income		768	2,403
Rental income		960	978
Other income	5	16,052	2,863
Profit before tax	7	9,994	22,888
Income tax expense	8(a)	(15,660)	(10,235)
(Loss)/profit for the year		(5,666)	12,653
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation, representing other comprehensive income for the year		15,573	(2,971)
Total comprehensive income for the year		9,907	9,682
(Loss)/Profit for the year attributable to:			
Owners of the Company		(6,639)	13,625
Non-controlling interests		973	(972)
		(5,666)	12,653
Total comprehensive income attributable to:			
Owners of the Company		8,260	10,810
Non-controlling interests		1,647	(1,128)
		9,907	9,682
(Loss)/earnings per share (cents)			
Basic	9	(0.72)	1.49
Diluted	9	(0.72)	1.49

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Non-current assets					
Property, plant and equipment	10	63,504	61,131	15	36
Investment properties	11	98,613	16,771	–	–
Investment in subsidiaries	12	–	–	170,315	170,315
Deferred tax assets	8(c)	148	274	148	274
		162,265	78,176	170,478	170,625
Current assets					
Development properties	13	220,507	534,014	–	–
Properties held for sale	14	251,601	32,734	–	–
Trade and other receivables	15	1,902	3,098	1,141	1,225
Prepayments	16	396	649	22	26
Due from subsidiaries	21	–	–	118,948	240,611
Derivatives	17	–	1,431	–	1,431
Cash and bank balances	18	13,062	98,989	982	62,291
		487,468	670,915	121,093	305,584
Total assets		649,733	749,091	291,571	476,209
Current liabilities					
Trade and other payables	19	24,080	17,377	1,541	2,134
Interest-bearing loans and borrowings	20	33,137	174,780	208	–
Derivatives	17	7,843	–	7,843	–
Due to immediate holding company	21	24,108	514	23,597	–
Due to a fellow subsidiary	21	199,538	367,010	199,538	367,010
Provision for taxation		2,312	5,988	–	757
		291,018	565,669	232,727	369,901
Net current assets/(liabilities)		196,450	105,246	(111,634)	(64,317)
Non-current liabilities					
Other payables	19	6,183	5,830	–	–
Interest-bearing loans and borrowings	20	187,231	43,687	4,792	–
Deferred tax liabilities	8(c)	32,223	10,734	–	–
		225,637	60,251	4,792	–
Total liabilities		516,655	625,920	237,519	369,901
Net assets		133,078	123,171	54,052	106,308
Equity attributable to owners of the Company					
Share capital	22(a)	142,556	142,556	142,556	142,556
Other reserves	22(b)	(7,424)	(22,323)	–	–
Accumulated losses		(10,456)	(3,817)	(88,504)	(36,248)
		124,676	116,416	54,052	106,308
Non-controlling interests		8,402	6,755	–	–
Total equity		133,078	123,171	54,052	106,308
Total equity and liabilities		649,733	749,091	291,571	476,209

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Attributable to owners of the Company					Total equity \$'000
	Share capital (Note 22a) \$'000	Other reserves (Note 22b) \$'000	Accumulated losses \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	
Group						
At 1 January 2019	142,556	(19,508)	(17,442)	105,606	7,768	113,374
Profit/(loss) for the year	-	-	13,625	13,625	(972)	12,653
Other comprehensive income	-	(2,815)	-	(2,815)	(156)	(2,971)
Foreign currency translation	-	(2,815)	-	(2,815)	(156)	(2,971)
Total comprehensive income for the year	-	(2,815)	13,625	10,810	(1,128)	9,682
<u>Contributions by and distributions to owners</u>						
Capital contributions from non-controlling interests	-	-	-	-	115	115
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners	-	-	-	-	115	115
At 31 December 2019	142,556	(22,323)	(3,817)	116,416	6,755	123,171
At 1 January 2020	142,556	(22,323)	(3,817)	116,416	6,755	123,171
(Loss)/profit for the year	-	-	(6,639)	(6,639)	973	(5,666)
Other comprehensive income	-	14,899	-	14,899	674	15,573
Foreign currency translation	-	14,899	-	14,899	674	15,573
Total comprehensive income for the year	-	14,899	(6,639)	8,260	1,647	9,907
At 31 December 2020	142,556	(7,424)	(10,456)	124,676	8,402	133,078

The accompanying accounting policies and explanatory 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 (Note 22a) \$'000	Revenue reserves \$'000	Total Equity \$'000
At 1 January 2019	142,556	(34,577)	107,979
Loss for the year, representing total comprehensive income for the year	–	(1,671)	(1,671)
At 31 December 2019	142,556	(36,248)	106,308
Loss for the year, representing total comprehensive income for the year	–	(52,256)	(52,256)
At 31 December 2020	142,556	(88,504)	54,052

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	2020 \$'000	2019 \$'000
Operating activities			
Profit before tax		9,994	22,888
<u>Adjustments for:</u>			
Depreciation of property, plant and equipment	10	241	188
Interest income		(768)	(2,403)
Interest expense		12,132	3,421
Fixed assets written-off		–	15
Net fair value loss/(gain) on derivatives		7,843	(1,431)
Unrealised foreign exchange (gain)/loss		(934)	632
Allowance for write-down of development properties and properties held for sale		12,736	1,502
Net fair value (gain)/loss on investment properties	11	(15,012)	61
Provision for impairment loss on property, plant and equipment		4,855	3,337
Bad debts and doubtful debts expenses		47	–
Operating cash flows before changes in working capital		31,134	28,210
<u>Changes in working capital</u>			
Decrease in development properties, properties held for sale, and investment properties		57,631	25,027
Decrease in trade and other receivables		1,329	2,375
Decrease in prepayments		301	185
Decrease/(increase) in restricted cash		7,180	(13,197)
Increase/(decrease) in trade and other payables		5,767	(4,306)
Cash flows generated from operations		103,342	38,294
Interest received		768	2,403
Interest paid		(34,310)	(39,853)
Income taxes paid		(122)	(1,677)
Net cash flows generated from/(used in) operating activities		69,678	(833)
Investing activity			
Purchase of plant and equipment	10	(7,712)	(218)
Net cash flows used in investing activity		(7,712)	(218)
Financing activities			
Proceeds from issuance of shares to non-controlling interests of subsidiary		–	115
Proceeds from interest-bearing loans and borrowings		227,517	168,141
Repayment of interest-bearing loans and borrowings		(238,515)	(129,233)
Increase/(decrease) in amounts due to immediate holding company (non-trade)		23,594	(164,645)
(Decrease)/increase in amounts due to a fellow subsidiary (non-trade)		(155,600)	195,630
Net cash flows (used in)/from financing activities		(143,004)	70,008
Net (decrease)/increase in cash and cash equivalents		(81,038)	68,957
Effect of exchange rate changes on cash and cash equivalents		2,291	(135)
Cash and cash equivalents at beginning of year		85,792	16,970
Cash and cash equivalents at end of year	18	7,045	85,792

The accompanying accounting policies and explanatory 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

The Company was incorporated in Singapore on 29 October 2013 under the Companies Act as a private company, under the name of “World Class Global Pte. Ltd.”.

The Company was converted into a public limited company on 12 May 2017 and the name of the Company was changed to “World Class Global Limited” in connection with the conversion. The Company was listed on the Catalyst Board of the Singapore Exchange on 15 June 2017.

The immediate holding company is Aspial Corporation Limited, which is incorporated in Singapore and listed on the Main Board of the Singapore Exchange. The ultimate holding company is MLHS Holdings Pte. Ltd., which is also incorporated in Singapore.

The Company is domiciled in Singapore, and the address of the Company’s registered office is 8 Robinson Road, #03-00 ASO Building, Singapore 048544. The Company’s principal place of business is located at 55 Ubi Avenue 3, #05-01 Aspial One, Singapore 408864.

The principal activity of the Company is that of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position 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 as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars (“**SGD**” or “**\$**”) and all values in the tables are rounded to the nearest thousand (“**\$’000**”), except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
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
Annual Improvements to SFRS(I)s 2018 – 2020	1 January 2022
SFRS(I) 17: <i>Insurance Contracts</i>	1 January 2023
Amendments to SFRS(I) 17: <i>Insurance Contracts</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.

2.3 Basis of consolidation

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

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

Subsidiaries 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 are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to the owners of the Company.

Changes in the Company's ownership interest in a subsidiary 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. 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 the owners of the Company.

2.5 Subsidiaries

A subsidiary 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.

2.6 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group has determined 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 subsidiaries 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 rate 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 measured.

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.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and is not depreciated.

Depreciation is computed on a straight-line basis when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

- Building on freehold land: 50 years
- Renovation, electrical and fittings, furniture and fittings: 3 to 5 years
- Computers: 3 years
- Motor vehicle: 5 years

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

The residual value, useful life and depreciation method are reviewed at each financial year-end, 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.

2.8 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 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. The Group determines the classification of its financial assets at initial recognition.

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

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets 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. Financial 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, and through the amortisation process.

(ii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

A derivative financial instrument is carried as an asset when the fair value is positive and as a liability when the fair value is negative.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial instruments (cont'd)

(a) Financial assets (cont'd)

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

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.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

De-recognition

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

2.10 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances which is subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all financial assets at amortised costs, and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

For amounts due from subsidiaries (non-trade), the Group uses the general approach and estimates for 12-months expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Group estimates the Lifetime ECLs for such financial assets.

The Group considers a financial asset to be in default when there is a significant deterioration in credit rating. 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.

2.12 Impairment of non-financial assets

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

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

Impairment losses 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, 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. Impairment losses relating to goodwill cannot be reversed in future periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Development properties

Development properties are properties acquired for development or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are capitalised and amortised to profit or loss as the Group expects to recognise the related revenue.

Net realisable value of the development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on sale are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

Development properties are transferred to properties held for sale upon the completion of construction or development.

2.14 Properties held for sale

Properties held for sale refer to properties where construction or development has been completed, or properties purchased, which are intended for sale in the ordinary course of business. Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

2.15 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 in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.16 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 Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. 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 is recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Leases

These accounting policies are applied on and after the initial application date of SFRS(I) 16, 1 January 2020:

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 applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). 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 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.

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 is disclosed in Note 2.12.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Group's lease liabilities are included in borrowings (Note 20).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and office space (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Leases (cont'd)

(b) *As lessor*

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases on the Company's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.18(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.18 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, excluding amounts collected on behalf of third parties.

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. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Property Sales*

– *Sale of completed development property*

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer at a point in time, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

– *Sale of development property under construction*

Where development property is under construction and agreement has been reached to sell such property when construction is completed, revenue is recognised at a point in time when the significant risks and rewards of ownership of the property have been transferred to the buyer (i.e. revenue is recognised at a point in time).

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

(b) *Service income*

Service income arising from establishing leasing service is recognised when the lease is secured.

(c) *Rental income from operating leases*

Rental income arising from operating leases on investment properties and standing properties at development sites is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.18 Revenue (cont'd)

(d) *Interest income*

Interest income is recognised using the effective interest method.

2.19 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 taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the 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 subsidiaries, 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.

Deferred tax assets are recognised for all deductible temporary differences, the 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 subsidiaries, 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 asset 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 asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Taxes (cont'd)

(b) *Deferred tax (cont'd)*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in 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 relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items 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 consolidation.

(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.

2.20 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.21 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 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 on 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.22 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.11 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated 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. 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.

3.1 Judgments in applying accounting policies

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

(a) *Impairment of property, plant and equipment*

The Group assesses at each reporting date whether there is an indication that the property, plant and equipment may be impaired. Determining whether there are indicators of impairment require judgments. In making these judgments, the Group evaluates, among other factors, the evidence of obsolescence or physical damage, economic performance of the properties, and any significant decline during the period in the asset's value. The carrying amount of the Group's property, plant and equipment is disclosed in Note 10 to the financial statements.

3.2 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 are reflected in the assumptions when they occur.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(a) *Estimation of net realisable value for development properties*

Development properties are stated at the lower of cost and net realisable value (“**NRV**”).

As at 31 December 2020 and 2019, the Group’s development properties comprise properties that (i) are in planning phases, (ii) had obtained the necessary development permits from the relevant authorities and launched for sale with carrying amounts of \$220,507,000 and \$Nil (2019: \$208,843,000 and \$325,171,000) respectively.

Management has made estimates of NRV with reference to gross development values as assessed by external appraisers for certain development projects with a carrying amount of \$213,886,000. The gross development value of a development property is derived from estimated sales proceeds less estimated construction costs based on prevailing conditions in the respective markets where the properties are located, with the assumption that those properties in planning phases will obtain the required development permits.

Estimated sales proceeds

Estimates of sales proceeds are made with reference to selling prices of units sold as well as market prices at the reporting date for similar properties in the respective markets where applicable. Where market prices are not available, input from property agents, the property-type as well as the targeted property segment has been taken into account.

Estimated construction costs

Estimated construction costs or costs to complete construction take into account construction contracts entered into and input from project managers.

As at 31 December 2020 and 2019, the carrying amount of development properties disclosed in Note 13 to the financial statements is stated at the lower of cost and net realisable value.

(b) *Estimation of net realisable value for properties held for sale*

As at 31 December 2020, the Group’s properties held for sale amounted to \$251,601,000 (2019: \$32,734,000).

Management has made estimates of the NRV with reference to selling prices of units sold as well as market prices at the reporting date for similar properties in the respective markets where applicable, or used external appraisers to support its determination of recoverable amounts. There was an increase in the level of estimation uncertainty in determining the recoverable value of the properties held for sale as at 31 December 2020 arising from the changes in market and economic conditions brought on by the COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(c) Impairment of property, plant and equipment

As at 31 December 2020, the Group's property, plant and equipment amounted to \$63,504,000 (2019: \$61,131,000).

Where there are indicators of impairment, management has made estimates of the recoverable amounts based on the current property market and economic conditions in the respective markets, or used external appraisers to support its determination of recoverable amounts. There was an increase in the level of estimation uncertainty in determining the recoverable value of the property, plant and equipment as at 31 December 2020 arising from the changes in market and economic conditions brought on by the COVID-19 pandemic.

Based on the recoverable amounts, an impairment loss of \$4,855,000 (2019: \$3,337,000) was recognised as at 31 December 2020.

(d) Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged external appraisers to assess the fair value as at 31 December 2020. There was an increase in the level of estimation uncertainty in determining valuation of the investment properties as at 31 December 2020 arising from the changes in market and economic conditions brought on by the COVID-19 pandemic.

The fair values of the investment properties are determined by external appraisers using the recognised valuation technique of Comparison Approach. The key assumptions used to determine the fair value of these investment properties are provided in Note 28(d). As at 31 December 2020, the investment properties amounted to \$98,613,000 (2019: \$16,771,000).

4. REVENUE

Revenue of the Group represents revenue from property sales and service income after eliminating intercompany transactions. The amount of each significant category of revenue recognised at a point in time during the year is as follows:

	Group	
	2020 \$'000	2019 \$'000
Revenue from contracts with customers	169,540	204,528
Service income	–	912
	169,540	205,440

5. OTHER INCOME

	Group	
	2020 \$'000	2019 \$'000
Net fair value gain on derivatives	–	1,431
Income from hotel operations	563	1,195
Net fair value gain on investment properties	15,012	–
Miscellaneous income	477	237
	16,052	2,863

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

6. EMPLOYEE BENEFITS

	Group	
	2020	2019
	\$'000	\$'000
Employee benefits expense (including executive directors):		
Salaries and bonuses	3,048	3,505
Central Provident Fund contributions	270	287
Other short-term benefits	(199)	107
	3,119	3,899

7. PROFIT BEFORE TAX

The following items have been charged/(credited) in arriving at profit/loss before tax:

	Note	Group	
		2020	2019
		\$'000	\$'000
Audit fees to:			
– Auditors of the Company		253	211
Non-audit fees to:			
– Auditors of the Company		5	5
Directors' fees		213	240
Fixed assets written-off		–	15
Repair and maintenance expense		3,379	2,990
Rental expense on operating leases	24(c)	324	76
Promotion and advertising costs		1,817	2,379
Non-refundable sales agent commission		8,101	12,923
Corporate charges		1,128	780
Allowance for write-down of development properties and properties held for sale		12,736	1,502
Net foreign exchange (gain)/loss		(3,272)	1,442
Net fair value (gain)/loss on investment properties	11	(15,012)	61
Unrealised fair value loss/(gain) on derivatives		7,843	(1,431)
Realised fair value loss on derivatives		8,300	–
Provision for impairment loss on property, plant and equipment		4,855	3,337
Legal fees		461	421
Professional fees		255	280
Management fees		286	105
Loss on disposal of properties held for sale		–	253
Bad debt written off		29	–
Allowance for doubtful debts		18	–
		18	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

8. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2020 and 2019 are:

	Note	Group	
		2020 \$'000	2019 \$'000
Consolidated statement of comprehensive income			
<i>Current income tax</i>			
– Current income taxation		2,159	5,883
– Over provision in respect of prior year		(6,284)	(5)
– Withholding tax		–	873
		<u>(4,125)</u>	<u>6,751</u>
<i>Deferred income tax</i>			
– Origination and reversal of temporary differences		13,856	3,478
– Under provision in respect of prior year		5,929	6
	8(c)	<u>19,785</u>	<u>3,484</u>
Income tax expense recognised in profit or loss		<u>15,660</u>	<u>10,235</u>

(b) Relationship between tax expense and profit before tax

The reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the financial years ended 31 December 2020 and 2019 are as follows:

	Group	
	2020 \$'000	2019 \$'000
Profit before tax	<u>9,994</u>	<u>22,888</u>
Tax at the domestic rates applicable to losses in the countries where the Group operates	9,970	6,253
Adjustments:		
– Deferred tax assets not recognised	14	310
– Income not subject to taxation	(1,997)	–
– Non-deductible expenses	8,341	2,881
– Benefits from previously unrecognised tax losses	(396)	(110)
– (Over)/under provision in respect of previous years	(355)	1
– Effect of partial tax exemption and relief	–	(24)
– Withholding tax	–	873
– Others	83	51
Income tax expense recognised in profit or loss	<u>15,660</u>	<u>10,235</u>

The above reconciliation is prepared by aggregating separate reconciliations for each tax jurisdiction.

The increase in non-deductible expenses is mainly attributable to the fair value loss on derivatives as well as impairment on the Group's development properties, properties held for sale, and hotel properties during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

8. INCOME TAX EXPENSE (CONT'D)

(c) Deferred income tax

Note	Group		Company	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Balance at 1 January	10,460	7,130	(274)	(325)
Tax expense to profit or loss	13,856	3,484	126	51
Under provision in prior year	5,929	–	–	–
Translation difference	1,830	(154)	–	–
Balance at 31 December	32,075	10,460	(148)	(274)

Deferred income tax relates to the following:

Deferred tax liabilities, net

	Group		Company	
	31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Deferred tax assets:				
Differences in depreciation for tax purpose	–	(4)	–	(4)
Unremitted foreign interest income, net	–	54	–	54
Unutilised tax losses	37	–	37	–
Provisions	111	224	111	224
	148	274	148	274
Deferred tax liabilities:				
Attributable profits from development properties	(32,223)	(10,734)	–	–
	(32,223)	(10,734)	–	–

Unrecognised tax losses

At 31 December 2020, the Group has unutilised tax losses of approximately \$5,816,000 (2019: \$7,487,000) that are available for offset against future taxable profits of the Group, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The utilisation of these tax losses is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate.

9. (LOSS)/EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is the same as basic earnings per share as there were no potential dilutive ordinary shares existing during the respective financial periods.

	2020	2019
(Loss)/profit for the year attributable to owners of the Company (\$'000)	(6,639)	13,625
Weighted average number of ordinary shares ('000)	915,875	915,875
Basic and diluted (loss)/earnings per share (cents)	(0.72)	1.49

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10. PROPERTY, PLANT AND EQUIPMENT

Group	Renovations, electrical fittings, furniture and fittings \$'000	Computers \$'000	Office equipment \$'000	Motor vehicle \$'000	Freehold land \$'000	Leasehold building \$'000	Total \$'000
Cost:							
At 1 January 2019	172	217	175	149	1,369	427	2,509
Additions	101	31	83	3	–	–	218
Write-off	(58)	–	(31)	–	–	–	(89)
Disposals	–*	(6)	–	–	–	–	(6)
Transfer from development property and investment property	–	–	–	–	25,260	36,918	62,178
Exchange differences	–*	–*	–*	–*	(1)	–*	(1)
At 31 December 2019 and 1 January 2020	215	242	227	152	26,628	37,345	64,809
Additions	–	3	5	–	–	7,704	7,712
Write-off	–	(6)	–	–	–	–	(6)
Exchange differences	(1)	–*	(1)	(1)	(105)	398	290
At 31 December 2020	214	239	231	151	26,523	45,447	72,805
Accumulated depreciation:							
At 1 January 2019	46	110	42	19	–	16	233
Charge for the year	31	36	24	25	–	72	188
Impairment	–	–	–	–	–	3,337	3,337
Write-off	(47)	–	(27)	–	–	–	(74)
Disposals	–*	(6)	–	–	–	–	(6)
Exchange differences	–*	–*	–*	–*	–	–*	–*
At 31 December 2019 and 1 January 2020	30	140	39	44	–	3,425	3,678
Charge for the year	21	31	23	30	–	136	241
Impairment	–	–	–	–	–	4,855	4,855
Write-off	–	(6)	–	–	–	–	(6)
Exchange differences	–*	–*	–*	–*	–	533	533
At 31 December 2020	51	165	62	74	–	8,949	9,301
Net carrying amount:							
At 31 December 2019	185	102	188	108	26,628	33,920	61,131
At 31 December 2020	163	74	169	77	26,523	36,498	63,504

* Less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

During the financial year, the Group carried out a review of the recoverable amount of its property, plant and equipment. The indicators of impairment include the weak performance of the market for hotel properties in Malaysia, which were mainly attributed to the Covid-19 pandemic. An impairment loss of \$4,855,000 (2019: \$3,337,000), representing the write-down of the hotel properties under construction to their respective recoverable amounts, was recognised in the "Other operating expenses" line item of profit or loss for the financial year ended 31 December 2020. The recoverable amounts of the hotel properties were derived from the external appraisers' proprietary databases of prices of transactions for properties of similar nature, location and condition.

Property, plant and equipment with carrying value of \$63,098,000 (2019: \$60,656,000) are pledged as security for bank borrowings (Note 20).

	Renovations, electrical fittings, furniture and fittings \$'000	Computers \$'000	Office equipment \$'000	Total \$'000
Company				
Cost:				
At 1 January 2019	58	138	44	240
Additions	–	21	1	22
Write-off	(58)	–	(31)	(89)
Disposals	–*	(6)	–	(6)
At 31 December 2019 and 1 January 2020	–*	153	14	167
Additions	–	3	–	3
Write-off	–	(6)	–	(6)
At 31 December 2020	–*	150	14	164
Accumulated depreciation:				
At 1 January 2019	38	99	33	170
Charge for the year	9	27	5	41
Write-off	(47)	–	(27)	(74)
Disposals	–*	(6)	–	(6)
At 31 December 2019 and 1 January 2020	–*	120	11	131
Charge for the year	–	23	1	24
Write-off	–	(6)	–	(6)
At 31 December 2020	–*	137	12	149
Net carrying amount:				
At 31 December 2019	–*	33	3	36
At 31 December 2020	–	13	2	15

* Less than \$1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

11. INVESTMENT PROPERTIES

	Group	
	2020 \$'000	2019 \$'000
Statement of financial position:		
At 1 January	16,771	25,219
Enhancement work incurred during the year	–	1,864
Transfer to property, plant and equipment	–	(10,228)
Transfer from development properties	65,393	–
Net gain/(loss) from fair value adjustments recognised in profit or loss	15,012	(61)
Exchange differences	1,437	(23)
At 31 December	98,613	16,771
Statement of comprehensive income:		
Rental income from investment properties		
– Minimum lease payments	224	225
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	237	468
At 31 December	237	468

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance or enhancements.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2020. The valuations were performed by external appraisers with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued. Details of the valuation technique and inputs used are disclosed in Note 28(d).

Properties pledged as security

As at 31 December 2020, investment properties with a carrying value of \$91,507,000 (2019: \$9,636,000) are pledged as security for bank borrowings (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

11. INVESTMENT PROPERTIES (CONT'D)

Details of the investment properties held by the Group are as follows:

Description and location	Existing Use	Tenure
World Class Land (Georgetown) Sdn. Bhd.		
41, 43 & 51 Gat Jalan Prangin, Penang, Malaysia	Commercial	Freehold
WCL (Macallum) Sdn. Bhd.		
206 Jalan C.Y. Choy, Penang, Malaysia	Commercial	Freehold
55 Lebuah Cecil, Penang, Malaysia	Commercial	Freehold
81 Lebuah Macallum, Penang, Malaysia	Commercial	Freehold
WCL (Noordin St) Sdn. Bhd.		
68 Lebuah Presgrave, Penang, Malaysia	Commercial	Freehold
69 & 71 Lebuah Presgrave, Penang, Malaysia	Commercial	Freehold
95, 97 & 99 Lebuah Noordin, Penang, Malaysia	Commercial	Freehold
15 Lebuah Tye Sin, Penang, Malaysia	Commercial	Freehold
80 & 82 Lebuah Tye Sin, Penang, Malaysia	Commercial	Freehold
34, 36, 38, 38-A, 38-B & 38-C Lebuah Tye Sin, Penang, Malaysia and Lot 711 Seksyen 11W, Bandar Georgetown, Daerah Timur Laut, Penang, Malaysia	Mixed use development	Freehold
WCL-Southbank (VIC) Pty. Ltd.		
<i>Australia 108/</i> 68-82 Southbank Boulevard, Southbank, Melbourne, Victoria, Australia	Residential	Freehold

12. INVESTMENT IN SUBSIDIARIES

	Company	
	31 December 2020 \$'000	31 December 2019 \$'000
Unquoted equity shares, at cost	170,315	170,315

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Composition of the Group

The Group has the following investment in subsidiaries:

Name of Company	Principal place of business	Principal activities	Proportion of ownership interest	
			31 December 2020 %	31 December 2019 %
<i>Held by the Company</i>				
(b) World Class Land (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	100	100
(a) World Class Land (Australia) Pty. Ltd.	Australia	Investment holding	100	100
<i>Held through subsidiaries</i>				
<i>World Class Land (Malaysia) Sdn. Bhd.</i>				
(b) World Class Land (Penang) Sdn. Bhd.	Malaysia	Property development	100	100
<i>World Class Land (Penang) Sdn. Bhd.</i>				
(b) World Class Land (Georgetown) Holdings Sdn. Bhd.	Malaysia	Property development	95	95
<i>World Class Land (Georgetown) Holdings Sdn. Bhd.</i>				
(a) World Class Land (Georgetown) Sdn. Bhd.	Malaysia	Property development	100	100
(a) WCL (Magazine) Sdn. Bhd.	Malaysia	Property development	100	100
(a) WCL (Macallum) Sdn. Bhd.	Malaysia	Property development	100	100
(a) WCL (Noordin St) Sdn. Bhd.	Malaysia	Property development	100	100
(a) WCL (Bertam R) Sdn. Bhd.	Malaysia	Property development	100	100
(a) WCL (Bertam L) Sdn. Bhd.	Malaysia	Property development	100	100
(b) PHC Hotels Sdn. Bhd.	Malaysia	Management and operation of hotels	100	100
(b) Penang Parade Hotels Sdn. Bhd.	Malaysia	Inactive	100	100

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of Company	Principal place of business	Principal activities	Proportion of ownership interest	
			31 December 2020 %	31 December 2019 %
<i>Held through subsidiaries (cont'd)</i>				
<i>World Class Land (Australia) Pty. Ltd.</i>				
(c), (d) WCL-Cairns (QLD) Pty. Ltd.	Australia	Property development	100	100
(c), (d) WCL-Central Park (QLD) Pty. Ltd.	Australia	Property development	100	100
(a) WCL-Southbank (VIC) Pty. Ltd.	Australia	Property development	100	100
(a) WCL-A Beckett (VIC) Pty. Ltd.	Australia	Property development	100	100
(d) WCL (QLD) Holdings Pty. Ltd.	Australia	Property development	100	100
(d) SBD 102 Pty. Ltd.	Australia	Property development	100	100
<i>WCL-Cairns (QLD) Pty. Ltd.</i>				
(d) Dynamic Ideas Pty. Ltd.	Australia	Property development	100	100
(c), (d) WCL (CNS) CBD Pty. Ltd.	Australia	Property development	100	100
<i>WCL (QLD) Holdings Pty. Ltd.</i>				
(c), (d) WCL (QLD) Albert St Pty. Ltd.	Australia	Property development	100	100
(c), (d) WCL (QLD) Margaret St Pty. Ltd.	Australia	Property development	65	65
(a)	Audited by a member firm of EY Global			
(b)	Audited by Baker Tilly Monteiro Heng, Malaysia			
(c)	Audited by Ernst & Young LLP, Singapore for consolidation purposes			
(d)	Exempted from statutory audit			

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

12. INVESTMENT IN SUBSIDIARIES (CONT'D)

Interest in subsidiary with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group:

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	(Loss)/profit allocated to NCI during the reporting period		Accumulated NCI at the end of reporting period		Dividends paid to NCI	
			31 December 2020	31 December 2019	31 December 2020	31 December 2019	31 December 2020	31 December 2019
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
WCL (QLD) Margaret St Pty. Ltd. ("WCL-MS")	Australia	35%	(17)	14	9,051	8,400	-	-
WCL (Georgetown) Holdings Sdn. Bhd. ("WCL (G) H")	Malaysia	5%	990	(985)	(649)	(1,645)	-	-

Summarised financial information about subsidiary with material NCI

Summarised financial information before intercompany eliminations of WCL (QLD) Margaret St Pty. Ltd. and WCL (Georgetown) Holdings Sdn. Bhd. is as follows:

Summarised statement of financial position

	WCL-MS		WCL (G) H	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	\$'000	\$'000	\$'000	\$'000
Current				
Assets	51,943	38,799	62,294	90,245
Liabilities	(20,695)	(9,807)	(100,077)	(128,564)
Net current assets	31,248	28,992	(37,783)	(38,319)
Non-current				
Assets/(liabilities), representing net non-current assets/(liabilities)	(5,388)	(4,991)	39,624	38,765
Net assets	25,860	24,001	1,841	446

Summarised statement of comprehensive income

	WCL-MS		WCL (G) H	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Revenue	-	-	709	711
(Loss)/profit before income tax	(45)	40	1,398	(1,950)
Income tax expense	-	-	-	-
(Loss)/profit after tax	(45)	40	1,398	(1,950)
Other comprehensive income	668	157	-	-
Total comprehensive income	623	197	1,398	(1,950)

Other summarised information

	WCL-MS		WCL (G) H	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	\$'000	\$'000	\$'000	\$'000
Net cash flows used in operations	644	711	248	553

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

13. DEVELOPMENT PROPERTIES

	Group	
	31 December 2020 \$'000	31 December 2019 \$'000
Land costs	126,555	141,520
Development costs	106,308	393,996
	232,863	535,516
Less: Allowance for write-down of development properties	(12,153)	(1,502)
Exchange differences	(203)	–
	220,507	534,014

During the financial year ended 31 December 2020, borrowing costs amounting to \$26,833,000 (2019: \$28,573,000) arising from borrowings obtained specifically for the development properties were capitalised and included in development costs.

A weighted average interest capitalisation rate of 5.40% (2019: 6.66%) per annum was used, representing the actual borrowing costs of the loans used to finance the projects.

Development properties amounting to \$156,576,000 (2019: \$483,731,000) are pledged as security for bank borrowings (Note 20).

Development properties amounting to \$221,066,000, \$65,393,000 and \$Nil (2019: \$Nil, \$Nil and \$51,950,000 respectively) were transferred to properties held for sale (Note 14), investment properties (Note 11) and property, plant and equipment (Note 10) respectively during the financial year ended 31 December 2020.

During the financial year, the Group carried out a review of the recoverable amount of its development properties. The indicators of impairment include the weak performance of the market for development properties in Malaysia and Australia, which is mainly attributed to the Covid-19 pandemic. An impairment loss of \$10,658,000 (2019: \$1,502,000), representing the write-down of the development properties to their respective net realisable values, was recognised in the "Other operating expenses" line item of profit or loss for the financial year ended 31 December 2020. The net realisable values of the development properties were derived from the external appraisers' proprietary databases of prices of transactions for properties of similar nature, location and condition.

Details of the development properties held by the Group are as follows:

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Stage of completion
WCL-Central Park (QLD) Pty. Ltd.					
Nova City/ 81-83 Spence Street and 112-114 Bunda Street, Cairns, Queensland, Australia	Mixed use development	25,874	115,510	Freehold	Planning and designing
WCL (CNS) CBD Pty. Ltd.					
17 Hartley Street and 6 Kenny Street, Cairns, Queensland, Australia	Mixed use development	16,351	88,295	Freehold	Planning and designing

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

13. DEVELOPMENT PROPERTIES (CONT'D)

Details of the development properties held by the Group are as follows: (cont'd)

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Stage of completion
WCL (QLD) Margaret St Pty. Ltd.					
240 Margaret Street, Brisbane, Queensland, Australia	Residential	1,715	61,252	Freehold	Planning and designing
WCL (QLD) Albert St Pty. Ltd.					
30 Albert Street and 131A Margaret Street, Brisbane, Queensland, Australia	Residential	2,007	76,301	Freehold	Planning and designing
World Class Land (Georgetown) Sdn. Bhd.					
240, 242, 244, 246, 248, 250, 252 & 254 Jalan Dato Kramat and 1, 3, 5, 7, 9, 9A & 9B Lebuah Melaka, Penang, Malaysia	Mixed use development	2,067	12,037	Freehold	Planning and designing
57, 59, 61, 63 & 65 Jalan Tan Sri Teh Ewe Lim and 1, 3, 5, 7, 9 & 11 Lorong Juru, Penang, Malaysia	Commercial	859	1,478	Freehold	Planning and designing
WCL (Magazine) Sdn. Bhd.					
Lots 18, 479, 480 & 10026 Seksyen 11W, Bandar Georgetown, Daerah Timur Laut and 119 Lebuah Noordin, Penang, Malaysia	Mixed use development	2,966	17,496	Freehold	Planning and designing
WCL (Macallum) Sdn. Bhd.					
1, 3, 5, & 7 Lebuah Macallum and 170, 172, 174, 176, 178, 180, 182, 184, 186, 188, 190, 192, 194 & 196 Jalan C.Y. Choy, Penang, Malaysia	Mixed use development	2,703	15,651	Freehold	Planning and designing
4, 6, 8, 10, 12, 14, 16 & 18 Lebuah Katz, Penang, Malaysia	Mixed use development	1,470	7,415	Freehold	Planning and designing

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

14. PROPERTIES HELD FOR SALE

	Group	
	2020 \$'000	2019 \$'000
At 1 January	32,734	41,674
Transferred from development properties	221,066	–
Enhancement works incurred during the year	46	33
Exchange differences	(167)	(30)
	253,679	41,677
Less:		
Properties sold during the year	–	(8,943)
Allowance for write-down of properties held for sale	(2,078)	–
At 31 December	251,601	32,734

During the financial year, the Group carried out a review of the recoverable amount of its properties held for sale. The indicators of impairment include the weak performance of the market for properties held for sale in Malaysia and Australia, which is mainly attributed to the Covid-19 pandemic. An impairment loss of \$2,078,000 (2019: \$Nil), representing the write-down of the properties held for sale to their respective net realisable values, was recognised in the “Other operating expenses” line item of profit or loss for the financial year ended 31 December 2020. The net realisable values of the properties held for sale were derived from the external appraisers’ proprietary databases of prices of transactions for properties of similar nature, location and condition.

Details of the properties held for sale by the Group as at the end of the reporting period is as follows:

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure
World Class Land (Georgetown) Sdn. Bhd.				
<i>Ropewalk Piazza/</i> 134, 136, 138, 140, 142, 144, 146, 148, 150, 152, 154 & 156 Jalan Pintal Tali, Penang, Malaysia	Commercial	1,085	1,712	Freehold
<i>Bahari Parade/</i> 69, 71, 73, 75, 77, 79 & 81 Jalan Sri Bahari, Penang, Malaysia	Commercial	846	1,102	Freehold
<i>Hutton Central/</i> 128, 128A, 128B, 128C, 128D, 128E, 128F and 128G Jalan Transfer, Penang, Malaysia	Commercial	487	776	Freehold
<i>Hutton Suites/</i> 2, 4, 6, 8 & 10 Jalan Hutton, Penang, Malaysia	Commercial	568	897	Freehold
WCL (Magazine) Sdn. Bhd.				
<i>Magazine Vista/</i> 237, 239, 241 & 243 Jalan Magazine and 2-G, 2-H & 2-I Jalan Gurdwara, Penang, Malaysia	Commercial	646	979	Freehold

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

14. PROPERTIES HELD FOR SALE (CONT'D)

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure
WCL (Macallum) Sdn. Bhd.				
Macallum Central/ 51, 53, 55, 57, 59, 61, 63, 65, 67 & 69 Lebuhr Macallum, Penang, Malaysia	Commercial	694	1,152	Freehold
WCL-Southbank (VIC) Pty. Ltd.				
Australia 108/ 68-82 Southbank Boulevard, Southbank, Melbourne, Victoria, Australia	Residential	2,642	138,282	Freehold

As at 31 December 2020, properties held for sale with a carrying value of \$251,601,000 (2019: \$24,640,000) were pledged as security for bank borrowings (Note 20).

15. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31 December 2020	31 December 2019	31 December 2020	31 December 2019
	\$'000	\$'000	\$'000	\$'000
Trade receivables	279	227	-	-
Other receivables	1,080	1,798	1,047	1,205
Deposits in escrow	123	121	-	-
Tax recoverable	14	11	-	-
GST receivables	102	941	30	20
Amount due from joint controlled entity	240	-	-	-
Amount due from a fellow subsidiary	64	-	64	-
Total trade and other receivables	1,902	3,098	1,141	1,225
Add:				
Due from subsidiaries (non-trade)	-	-	146,604	240,611
Cash and bank balances (Note 18)	13,062	98,989	982	62,291
Less:				
Tax recoverable	(14)	(11)	-	-
GST receivables	(102)	(941)	(30)	(20)
Allowance for expected credit losses	-	-	(27,656)	-
Total loans and receivables	14,848	101,135	121,041	304,107

Trade and other receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Deposits in escrow are placed as security for payments to contractors for the construction of the Group's development projects. Deposits in escrow earn interest at floating rates based on daily bank deposit rates.

A floating charge has been placed on trade and other receivables with a carrying value of \$126,000 (2019: \$232,000) as security for bank borrowings (Note 20). The Group did not recognise any allowance for expected credit losses on its receivables as at 31 December 2020 and 2019. The Company recognised an allowance for expected credit losses on its amount due from subsidiaries as at 31 December 2020, due to the weak performance of the properties in Malaysia, mainly attributed to the COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

16. PREPAYMENTS

Prepayments mainly relate to various property holding costs.

17. DERIVATIVES

	Group and Company 31 December 2020		
	\$'000 Contract Notional Amount	\$'000 Assets	\$'000 Liabilities
Forward currency contracts	430,297	–	7,843

	Group and Company 31 December 2019		
	\$'000 Contract Notional Amount	\$'000 Assets	\$'000 Liabilities
Forward currency contracts	263,773	1,431	–

During the year, the Group entered into foreign currency forward contracts mainly in Australian Dollar, maturing within the next 12 months to reduce its exposure to foreign currency risks on Australian Dollar receivables.

18. CASH AND BANK BALANCES

	Group		Company	
	31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Cash at banks and on hand, representing total cash and cash equivalents	7,045	85,792	982	62,291
Restricted cash	6,017	13,197	–	–
	13,062	98,989	982	62,291

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and bank balances denominated in foreign currency which differ from the functional currency of the companies within the Group is as follows:

	Group	
	31 December 2020 \$'000	31 December 2019 \$'000
Australian Dollars	46	323

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

18. CASH AND BANK BALANCES (CONT'D)

A floating charge has been placed on cash and bank balances with a carrying value of \$5,736,000 (2019: \$7,878,000) as security for interest-bearing loans and borrowings (Note 20).

An amount of \$6,017,000 (2019: \$13,197,000) in restricted cash relates to reserve accounts held in escrow by third parties which will only be released upon repayment of the loan, interest and related development expenditures.

Purchasers' deposit monies of A\$24,270,000 (equivalent to approximately \$24,724,000) (2019: A\$38,717,000 (equivalent to approximately \$36,567,000)) pertaining to the development projects for which sale has commenced are placed in escrow held by a third party. In addition, purchasers' deposits in the form of bankers' guarantees of A\$3,464,000 (equivalent to approximately \$3,529,000) (2019: A\$7,219,000 (equivalent to approximately \$6,813,000)), pertaining to the development projects for which sale has commenced are placed in escrow held by a third party. These balances are not included as assets of the Group as at 31 December 2020 and 2019. The Group will only have access to these funds upon completion and handover of the development projects to the purchasers.

19. TRADE AND OTHER PAYABLES

	Group		Company	
	31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Current:				
Trade payables	2,958	1,814	–	–
Other payables	8,755	1,140	–	36
Withholding tax payable	275	203	–	82
Accrued operating expenses	12,092	14,220	1,541	2,016
	24,080	17,377	1,541	2,134
Non-current:				
Other payables				
– amount due to non-controlling shareholders of a subsidiary (non-trade)	6,183	5,830	–	–
Total trade and other payables	30,263	23,207	1,541	2,134
Add:				
Interest-bearing loans and borrowings (Note 20)	220,368	218,467	5,000	–
Due to immediate holding company (non-trade)	24,108	514	23,597	–
Due to a fellow subsidiary (non-trade)	199,538	367,010	199,538	367,010
Less:				
Withholding tax payable	(275)	(203)	–	(82)
Total financial liabilities carried at amortised cost	474,002	608,995	229,676	369,062

Trade and other payables are unsecured, non-interest bearing and repayment is based on payment terms and conditions agreed.

Amount due to non-controlling shareholders of a subsidiary is unsecured, interest-free and not expected to be repaid in the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

20. INTEREST-BEARING LOANS AND BORROWINGS

	Group		Company	
	31 December 2020 \$'000	31 December 2019 \$'000	31 December 2020 \$'000	31 December 2019 \$'000
Secured borrowings				
Current:				
Finance lease liabilities	20	19	–	–
Term loans	32,521	174,761	208	–
Overdraft	596	–	–	–
	<u>33,137</u>	<u>174,780</u>	<u>208</u>	<u>–</u>
Non-current:				
Finance lease liabilities	35	56	–	–
Term loans	187,196	43,631	4,792	–
	<u>187,231</u>	<u>43,687</u>	<u>4,792</u>	<u>–</u>
Total loans and borrowings	<u>220,368</u>	<u>218,467</u>	<u>5,000</u>	<u>–</u>

(a) Details of securities granted for the secured borrowings are as follows:

Subsidiaries

Loans and borrowings of \$220,368,000 (2019: \$218,467,000) are repayable via monthly instalments from April 2020 to January 2035. These loans and borrowings bear floating interest which ranges from 2.01% to 7.15% (2019: 2.34% to 8.25%) per annum and are secured by way of:

- legal mortgages over the subsidiaries' property, plant and equipment (Note 10), investment properties (Note 11), development properties (Note 13) and properties held for sale (Note 14);
- fixed and floating charge on all assets of certain subsidiaries;
- corporate guarantee by Aspial Corporation Limited;
- corporate guarantee by the Company; and
- guarantees by non-controlling interests of a subsidiary.

The loans include financial covenants which require the subsidiaries to maintain aggregate outstanding debt secured against the properties not exceeding 44.50% to 80% (2019: 50% to 80%) of the security value of the relevant development properties at all times.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

20. INTEREST-BEARING LOANS AND BORROWINGS (CONT'D)

(b) Maturity of borrowings

Loans due after one year are estimated to be repayable as follows:

	Group	
	31 December 2020 \$'000	31 December 2019 \$'000
Years after end of reporting period:		
After one year but within two years	122,333	6,847
After two years but within five years	34,567	15,335
After five years	30,331	21,505
	187,231	43,687

A reconciliation of liabilities arising from financing activities is as follows:

	2019 \$'000	Net cash flows from financing activities \$'000	Foreign exchange movement \$'000	Interest Paid \$'000	Other \$'000	2020 \$'000
Due to a fellow subsidiary (non-trade)	367,010	(155,536)	–	(11,936)	–	199,538
Due to immediate holding company (non-trade)	514	23,594	–	–	–	24,108
Interest-bearing loans and borrowings						
– current	174,780	(156,111)	13,073	–	1,395	33,137
– non-current	43,686	145,112	(172)	–	(1,395)	187,231
Total	585,990	(142,941)	12,901	(11,936)	–	444,014

	2018 \$'000	Cash flows \$'000	Foreign exchange movement \$'000	Interest Paid \$'000	Other \$'000	2019 \$'000
Due to a fellow subsidiary (non-trade)	192,810	195,630	–	(21,430)	–	367,010
Due to immediate holding company (non-trade)	175,618	(164,645)	–	(10,459)	–	514
Interest-bearing loans and borrowings						
– current	130,342	33,743	(2,281)	–	12,976	174,780
– non-current	51,775	5,165	(278)	–	(12,976)	43,686
Total	550,545	69,893	(2,559)	(31,889)	–	585,990

The 'Other' column relates to reclassification of non-current portion of loans and borrowings due to passage of time.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

21. DUE FROM SUBSIDIARIES; DUE TO IMMEDIATE HOLDING COMPANY; DUE TO FELLOW SUBSIDIARY

The amounts due from subsidiaries are interest-bearing at 8.25% (2019: 7.00% to 8.25%) per annum, unsecured, receivable on demand and are to be settled in cash.

Of the total amount due to immediate holding company, an amount of \$23,000,000 (2019: \$Nil) is interest-bearing at 7.24% (2019: Nil%) per annum, unsecured, with varying maturities of between one and twelve months and is to be settled in cash. The remaining amount due to immediate holding company of \$1,108,000 (2019: \$514,000) is interest-free.

Of the total amount due to a fellow subsidiary, an amount of \$194,204,000 (2019: \$365,012,000) is interest-bearing at 6.38% to 6.50% (2019: 6.37% to 7.14%) per annum, unsecured, with varying maturities of between one and twelve months and is to be settled in cash. The remaining amounts due to a fellow subsidiary of \$5,334,000 (2019: \$1,998,000) are interest-free.

22. SHARE CAPITAL AND OTHER RESERVES

(a) Share capital

	Group and Company			
	2020		2019	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares: At 1 January and 31 December	915,875	142,556	915,875	142,556

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

(b) Other reserves

	Group	
	31 December 2020 \$'000	31 December 2019 \$'000
Premium received on disposal of equity interest in a subsidiary without loss of control	5	5
Premium paid on acquisition of non-controlling interests	(11)	(11)
Foreign currency translation reserve	(7,418)	(22,317)
	(7,424)	(22,323)

Foreign currency translation reserve

The foreign currency translation reserve represents 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.

Premium received on disposal of equity interest in a subsidiary without loss of control

Premium received on disposal of equity interest in a subsidiary without loss of control represents the excess of the consideration received on disposal of interest in a subsidiary of the Group over the net identifiable assets of the subsidiary attributable to the non-controlling interests.

Premium paid on acquisition of non-controlling interests in a subsidiary without loss of control

Premium paid on acquisition of non-controlling interests represents the difference between the consideration paid and the carrying value of non-controlling interests adjusted upon acquisition of interests in subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

23. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

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

	Group	
	2020 \$'000	2019 \$'000
Payable to immediate holding company:		
– Interest expense	(602)	(7,134)
– Management fee	–	(780)
Payable to a fellow subsidiary:		
– Interest expense	(15,271)	(15,074)
– Management fee	(1,128)	–
– Lease of office premises	(468)	–
Sale of properties to a director-related company	–	3,714

(b) Compensation of key management personnel

	Group	
	2020 \$'000	2019 \$'000
Short-term employee benefits	2,093	2,185
Central Provident Fund contributions	87	87
Total compensation paid to key management personnel	2,180	2,272
<i>Comprise amounts paid to:</i>		
Directors of the Company	996	1,144
Other key management personnel	1,184	1,128
	2,180	2,272

24. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2020 \$'000	2019 \$'000
Capital commitments in respect of property development expenditure		
– Not later than one year	16,028	57,154

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

24. COMMITMENTS (CONT'D)

(b) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its standing property at the development site acquired for development properties. The non-cancellable leases on its standing property have remaining lease terms of up to 25 months.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2020 \$'000	2019 \$'000
Not later than one year	1,465	784
Later than one year but not later than five years	508	784
	1,973	1,568

(c) Operating lease commitments – as lessee

The Group had lease commitments in respect of its office premises. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

As at 31 December 2020, the future minimum rental payables under non-cancellable operating leases contracted for but not recognised as liabilities, are as follows:

	Group 2020 \$'000	Group 2019 \$'000
Not later than one year	65	–
	65	–

Operating lease payments relating to short term leases recognised as an expense in the consolidated statement of comprehensive income for the financial year ended 31 December 2020 amounted to \$324,000 (2019: \$76,000).

25. CONTINGENCIES

Guarantees

The Company has provided corporate guarantees to banks for an aggregate of \$195,475,000 (2019: \$196,100,000) in respect of bank borrowings drawn down by certain subsidiaries (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. SEGMENT INFORMATION

Business segments

The Group is principally engaged in property development, and the segment reporting format is determined to be geographical business segments as the Group's risks and rates of return are affected predominantly by differences in the geographical locations of each segment. The operating businesses are organised and managed separately according to the place of domicile, with each segment representing a strategic business unit that serves different markets.

The Group is organised into two main geographical segments, namely:

- (a) Malaysia; and
- (b) Australia.

Others refers to the Company's operations in Singapore.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Capital expenditure comprises additions to plant and equipment.

	Malaysia \$'000	Australia \$'000	Others \$'000	Eliminations \$'000	Group \$'000	Note
2020						
Revenue	-	169,540	-	-	169,540	
Results						
Segment results	(5,795)	45,014	(17,960)	99	21,358	A
Interest income	88	563	4,307	(4,190)	768	
Finance costs	(1,858)	(14,346)	(19)	4,091	(12,132)	
(Loss)/profit before tax from operations	(7,565)	31,231	(13,672)		9,994	
Segment assets, representing total assets	155,177	499,913	291,571	(296,928)	649,733	B
Segment liabilities, representing total liabilities	169,210	228,873	237,520	(118,948)	516,655	C
2019						
Revenue	-	205,440	-	-	205,440	
Results						
Segment results	(6,399)	28,567	1,765	(27)	23,906	A
Interest income	66	2,305	21,374	(21,342)	2,403	
Finance costs	(10,530)	(14,260)	-	21,369	(3,421)	
(Loss)/profit before tax from operations	(16,863)	16,612	23,139		22,888	
Segment assets, representing total assets	156,661	527,486	476,211	(411,267)	749,091	B
Segment liabilities, representing total liabilities	190,279	306,350	369,902	(240,611)	625,920	C

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

26. SEGMENT INFORMATION (CONT'D)

Notes

A Inter-segment income is eliminated on consolidation.

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statements of financial position:

	2020 \$'000	2019 \$'000
Inter-segment assets	(296,928)	(411,267)

C The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated statements of financial position:

	2020 \$'000	2019 \$'000
Inter-segment liabilities	(118,948)	(240,611)

Geographical segments

Non-current assets information based on the geographical location of assets are as follows:

	2020 \$'000	2019 \$'000
Malaysia	80,194	77,866
Australia	81,909	–
Singapore	15	36

Non-current assets information presented above consist of plant and equipment and investment properties as presented in the statement of financial position.

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the current financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and process for the management of these risks.

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.

(a) 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 and cash and bank balances. Secured lending receivables has no significant exposure to credit risk as these receivables are secured by way of collateralised real estate at a conservative loan-to-valuation ratio. No other financial asset carries a significant exposure to credit risk.

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 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

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

The Group considers "low risk" to be financial assets with an investment grade credit rating. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- 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; and
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrower in the group and changes in the operating results of the borrower.

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

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and 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 and quantitative and qualitative information about amounts arising from expected credit losses for each class of financial assets.

(i) Trade receivables and amounts due from subsidiaries at amortised cost

For trade receivables the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

For amounts due from subsidiaries (non-trade), the Company uses the general approach and estimates for 12-months expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Company estimates the lifetime ECLs for such financial assets.

As at 31 December 2020, the Group had not provided any loss allowance for its trade receivables. The Company recognised an allowance for expected credit losses on its amount due from subsidiaries as at 31 December 2020, due to the waiver of interest receivable from the loans to its Malaysian subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk (cont'd)

- (i) Trade receivables and amounts due from subsidiaries at amortised cost (cont'd)

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the balance sheets.

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a specific group of purchasers.

In order to avoid excessive concentrations of risk, the Group focuses its sales efforts on property purchasers located in diversified geographical locations i.e. in Australia and various countries in Asia, such as Singapore, Malaysia, Indonesia, the People's Republic of China and Hong Kong Special Administrative Region of the People's Republic of China. Identified concentrations of credit risks are controlled and managed accordingly. As at 31 December 2020 and 2019, management has assessed that there was no significant concentration of credit risk in respect of purchasers of development projects launched.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions with high credit ratings and no history of default.

(b) 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's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding to finance its working capital needs as well as capital expenditure in respect of its development projects, and flexibility through the use of stand-by credit facilities.

On 31 December 2016, the Group entered into a second supplemental loan agreement with the immediate holding company and a fellow subsidiary, pursuant to the loan agreement entered into on 1 March 2016 and 30 June 2016. On 18 December 2020, the Group entered into a third supplementary loan agreement with the aforementioned immediate holding company and the fellow subsidiary. As a result of this, the aggregate principal sum of the loan facilities extended by the immediate holding company and the fellow subsidiary was further revised to \$300,000,000. As at 31 December 2020, the Group has an unutilised balance of \$82,800,000 from the loan facility extended by the immediate holding company and the fellow subsidiary.

In August 2020, the Group secured a A\$185,000,000 (equivalent to approximately \$188,400,000) term loan facility from a financial institution, for the construction and development of Australia 108. As at 31 December 2020, the Group has a total outstanding amount of A\$126,201,000,000, (equivalent to approximately \$128,561,000) under the aforementioned loan. There was a repayment of A\$8,200,000 (equivalent to S\$8,353,000) subsequent to year end.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total \$'000
31 December 2020				
Group				
Financial liabilities:				
Trade and other payables	23,805	6,183	–	29,988
Due to immediate holding company (non-trade)	24,247	–	–	24,247
Due to a fellow subsidiary (non-trade)	200,571	–	–	200,571
Interest-bearing loans and borrowings	45,529	171,682	33,522	250,733
Total undiscounted financial liabilities	294,152	177,865	33,522	505,539
31 December 2019				
Group				
Financial liabilities:				
Trade and other payables	17,173	5,830	–	23,003
Due to immediate holding company (non-trade)	514	–	–	514
Due to a fellow subsidiary (non-trade)	368,969	–	–	368,969
Interest-bearing loans and borrowings	192,950	30,898	21,633	245,481
Total undiscounted financial liabilities	579,606	36,728	21,633	637,967

At the end of the reporting period, all of the Company's financial assets and liabilities mature within one year based on the carrying amounts reflected in the financial statements.

(c) Interest rate risk

Interest rate 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 interest rates. The Group's exposure to interest rate risk arises primarily from its loans and borrowings. Other than certain fixed rate bank borrowings, the Group's loans and borrowings are at floating rates which are contractually re-priced at intervals of less than 6 months from the end of the reporting period.

The Group's policy is to manage interest cost by using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if Australian Dollars ("A\$") and Malaysian Ringgit ("MYR") interest rates had been 100 basis points lower/higher with all other variables held constant, the Group's development properties would have been \$140,000 (2019: \$885,000) and \$205,000 (2019: \$248,000) lower/higher respectively, and profit net of tax would have been \$1,386,000 (2019: \$765,000) and \$424,000 (2019: \$287,000) higher/lower respectively, arising mainly as a result of lower/higher borrowing cost on floating rate loans and borrowings.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign currency risk

The Company has transactional currency exposures arising from loans extended to its subsidiaries in Malaysia and Australia. These loans are denominated in MYR and A\$, whereas the Company's functional currency is SGD.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, namely Malaysia and Australia. As disclosed in Note 17, the Group entered into forward currency contracts during the financial year for reducing its exposure to foreign currency risks on Australian Dollar. The Group's net investments in Malaysia not hedged as currency positions in MYR are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in MYR and A\$ exchange rates against SGD, with all other variables held constant.

	Profit before tax	
	2020 \$'000	2019 \$'000
	higher/lower	higher/lower
MYR – strengthened/weakened 5% (2019: 5%)	5,003	6,416
A\$ – strengthened/weakened 5% (2019: 5%)	945	5,614

28. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets/(liabilities) measured at fair value

The following table shows an analysis of each class of assets/(liabilities) measured at fair value at the end of the reporting period:

	Group			Total \$'000
	Quoted prices in active markets for identical assets (Level 1) \$'000	Significant observable inputs other than quoted prices (Level 2) \$'000	Significant unobservable inputs (Level 3) \$'000	
2020				
Assets/(liabilities) measured at fair value				
Non-financial assets				
- Investment properties (Note 11)				
<i>Malaysia</i>	-	-	16,705	16,705
<i>Australia</i>	-	-	81,908	81,908
- Derivatives (Note 17)	-	(7,843)	-	(7,843)
2019				
Assets measured at fair value				
Non-financial assets				
- Investment properties (Note 11)				
<i>Malaysia</i>	-	-	16,771	16,771
- Derivatives (Note 17)	-	1,431	-	1,431

There have been no transfers between Level 1, Level 2 and Level 3 during the financial years ended 31 December 2020 and 2019.

(c) Level 2 fair value measurements

(i) Information about significant unobservable inputs used in Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates and forward rate curves.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) 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 at 31 December 2020 \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs \$
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Recurring fair value measurements

Investment properties:

Australia	81,908	Market comparison approach	Price per square metre	8,709 – 17,566
Malaysia	16,705	Market comparison approach	Price per square foot	295 – 427

Description	Fair value at 31 December 2019 \$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs \$
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Recurring fair value measurements

Investment properties:

Malaysia	16,771	Market comparison approach	Price per square foot	292 – 428
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For residential and retail investment properties, a significant increase/(decrease) in price per square feet based on management's assumptions would result in a significantly higher/(lower) fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) Level 3 fair value measurements (cont'd)

(ii) *Movements in Level 3 assets measured at fair value*

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

	Fair value measurements using significant unobservable inputs (Level 3) Investment properties \$'000
Group 2020	
Opening balance	16,771
Transfer from development properties	65,393
Net gain on fair value adjustments of investment properties, representing total gains or losses for the year included in profit or loss	15,012
Exchange differences	1,437
Closing balance	98,613
Fair value measurements using significant unobservable inputs (Level 3) Investment properties Malaysia \$'000	
Group 2019	
Opening balance	25,219
Transfer to development properties	(8,364)
Net gain on fair value adjustments of investment properties, representing total gains or losses for the year included in profit or loss	(61)
Exchange differences	(23)
Closing balance	16,771

(iii) *Valuation policies and procedures*

The Group's Chief Financial Officer oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external appraisers who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 fair value measurement guidance to perform the valuation.

For valuations performed by external appraisers, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) Level 3 fair value measurements (cont'd)

(iii) Valuation policies and procedures (cont'd)

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external appraisers are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information is reasonably available.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

Impact of the Coronavirus (COVID-19) outbreak

In March 2020, the World Health Organization declared the COVID-19 outbreak to be a pandemic. The outbreak and the response of governments in dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and duration of these developments remain uncertain as at the date of the report.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or governments' varying efforts to combat the outbreak and support businesses. Further, the market that the property is valued in is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. This being the case, the external appraisers have drawn the users' attention that the value of the investment properties recorded in the consolidated statement of financial position determined by reference to fair value at 31 December 2020 is estimated based upon conditions prevailing on that date.

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value but for which fair value is disclosed:

	Significant unobservable inputs (Level 3) \$'000	Fair value Total \$'000	Carrying amount \$'000
Group			
2020			
Liabilities:			
<i>Non-current:</i>			
Other payables	5,957	5,957	6,183
2019			
Liabilities:			
<i>Non-current:</i>			
Other payables	5,537	5,537	5,830

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

28. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)

Determination of fair value

Other payables

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rates for similar types of lending or borrowing at the end of the reporting period.

Management has determined that the carrying amounts of cash and bank balances and trade and other receivables, based on their notional amounts, reasonably approximate their fair values because they are short-term in nature.

29. CAPITAL MANAGEMENT

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. The Group assessed the concentration of risk with respect to refinancing its debts and concluded it to be low.

Debt maturing within 12 months can be rolled over with existing lenders. In addition, the Group manages its liquidity and working capital cash flow needs as described in Note 27(b).

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is the sum of indebtedness divided by equity attributable to owners of the Company. The Group includes within the sum of indebtedness, interest-bearing loans and borrowings, amount due to immediate holding company (non-trade), amount due to a fellow subsidiary (non-trade) and amount due to a non-controlling shareholder of a subsidiary (non-trade).

		Group	
	Note	2020	2019
		\$'000	\$'000
Interest-bearing loans and borrowings	20	220,368	218,467
Due to immediate holding company (non-trade)		24,108	514
Due to a fellow subsidiary (non-trade)		199,538	367,010
Due to non-controlling shareholder of a subsidiary (non-trade)	19	6,183	5,830
Sum of indebtedness		450,197	591,821
Equity attributable to owners of the Company		124,676	116,416
Gearing ratio		3.6	5.1

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

30. SUBSEQUENT EVENT

With the global outbreak of COVID-19, the Group anticipates some negative impact on travel demand which may affect the financial performance of the Group's hotel properties in Penang, Malaysia. The estimate of the financial impact cannot be reasonably determined at this juncture. Nonetheless, the Group expects the prospects for the hotel industry in Penang, Malaysia to remain positive in the long term.

In addition, on 12 March 2021, the respective boards of directors of the Company and Aspial Corporation Limited ("the Offeror") announced the proposed acquisition of all the issued ordinary shares in the capital of the Company by the Offeror, by way of a scheme of arrangement ("the Scheme"). In consideration of the acquisition of each Scheme share from the Company's shareholders, the Offeror shall pay S\$0.21 for each Scheme share which shall be satisfied entirely via the allotment and issuance of 1.1052 new ordinary shares in the capital of the Offeror for each Scheme Share, fully paid up and free from all encumbrances, at an issue price of S\$0.19 per Offeror share. The issuance of the Offeror Shares pursuant to the Scheme will be subject to the approval of the shareholders of the Offeror to be obtained at an extraordinary general meeting to be convened and such approval is a condition to the Scheme.

31. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on 29 March 2021.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2021

SHARE CAPITAL

ISSUED AND FULLY PAID-UP CAPITAL	: \$142,556,361
NUMBER OF ISSUED SHARES	: 915,874,500
CLASS OF SHARES	: Ordinary shares
VOTING RIGHTS	: One vote per ordinary share (excluding treasury shares and subsidiary holdings)
NUMBER OF TREASURY SHARES	: Nil
NUMBER OF SUBSIDIARY HOLDINGS	: Nil

DISTRIBUTION OF SHAREHOLDINGS

RANGE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	0	0.00	0	0.00
100 – 1,000	327	21.89	317,200	0.04
1,001 – 10,000	845	56.56	2,781,400	0.30
10,001 – 1,000,000	297	19.88	26,453,300	2.89
1,000,001 & ABOVE	25	1.67	886,322,600	96.77
TOTAL	1,494	100.00	915,874,500	100.00

TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	%
1 ASPIAL CORPORATION LTD	678,828,700	74.12
2 RHB BANK NOMINEES PTE LTD	64,000,000	6.99
3 NG SHENG TIONG	22,250,000	2.43
4 UNITED OVERSEAS BANK NOMINEES PTE LTD	22,034,000	2.40
5 TAN SU KIOK	20,000,000	2.18
6 CITIBANK NOMINEES SINGAPORE PTE LTD	19,101,400	2.08
7 TAY MIAH HIANG	7,500,000	0.82
8 UOB KAY HIAN PTE LTD	7,464,900	0.81
9 RAFFLES NOMINEES (PTE) LIMITED	6,099,400	0.67
10 ONG ZHEN YUAN	6,003,600	0.66
11 SIA LI WEI, JOLIE (SHE LIWEI, JOLIE)	4,300,000	0.47
12 YEO ENG CHING DANNY	4,000,000	0.44
13 DBS NOMINEES PTE LTD	3,862,500	0.42
14 SING INVESTMENTS & FINANCE NOMINEES (PTE) LTD	2,844,000	0.31
15 DBS VICKERS SECURITIES (S) PTE LTD	2,550,300	0.28
16 MAYBANK KIM ENG SECURITIES PTE. LTD	2,334,900	0.25
17 TAN HONG CHANG	2,290,000	0.25
18 NG KEAN SEEN	2,000,000	0.22
19 OCBC SECURITIES PRIVATE LTD	1,538,000	0.17
20 LIM SWEE ANN	1,536,900	0.17
	880,538,600	96.14

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2021

SUBSTANTIAL SHAREHOLDERS

(as recorded in the Company's Register of Substantial Shareholders)

	DIRECT INTEREST		DEEMED INTEREST	
	NO. OF SHARES	%	NO. OF SHARES	%
Aspial Corporation Limited ⁽¹⁾	742,828,700	81.11	–	–
Koh Wee Seng ^{(2) (3)}	22,750,000	2.48	742,828,700	81.11
Koh Lee Hwee ^{(2) (4)}	–	–	742,828,700	81.11
Ko Lee Meng ^{(2) (5)}	–	–	742,828,700	81.11
MLHS Holdings Pte Ltd ⁽¹⁾	–	–	742,828,700	81.11

(1) MLHS Holdings Pte Ltd ("**MLHS**") is the controlling shareholder of Aspial Corporation Limited ("**Aspial**"), holding approximately 58.64% of the shareholdings of Aspial as at 16 March 2021. MLHS is a private limited company incorporated in Singapore on 14 January 1994. It is an investment holding company. The shareholders of MLHS are Mr Koh Wee Seng (47.00%), Ms Ko Lee Meng (25.75%), Ms Koh Lee Hwee (24.25%), Mdm Tan Su Lan @ Tan Soo Lung (2.00%) and the estate of Mr Koh Chong Him @ Ko Chong Sung (1.00%). Mdm Tan Su Lan @ Tan Soo Lung is the mother of Mr Koh Wee Seng, Ms Koh Lee Hwee and Ms Ko Lee Meng. Ms Ko Lee Meng is the sister of Mr Koh Wee Seng and Ms Koh Lee Hwee.

(2) Mr Koh Wee Seng, Ms Koh Lee Hwee and Ms Ko Lee Meng are directors and substantial shareholders of Aspial through their shareholdings in MLHS. As at 16 March 2021, (i) Mr Koh Wee Seng has direct and deemed interests in 19.25% and 58.91% of Aspial respectively for an aggregate of 78.16%, (ii) Ms Koh Lee Hwee has direct and deemed interests in 1.59% and 59.62% of Aspial respectively for an aggregate of 61.21%, and (iii) Ms Ko Lee Meng has direct and deemed interests in 1.73% and 58.69% of Aspial respectively for an aggregate of 60.42%. Mr Koh Wee Seng is the chief executive officer and executive director of Aspial. Ms Koh Lee Hwee is an executive director of Aspial. Ms Ko Lee Meng is a non-executive director of Aspial.

(3) As at 16 March 2021, Mr Koh Wee Seng holds direct interest in 750,000 shares of the Company ("**Shares**") held in his own name and 22,000,000 Shares held in the name of nominee accounts. In addition, Mr Koh Wee Seng is deemed to be interested in the Shares held by Aspial by virtue of Section 4 of the Securities and Futures Act, Chapter 289 of Singapore ("**SFA**"). As at 16 March 2021, Mr Koh Wee Seng has an interest, directly and indirectly, in approximately 78.16% of the shares in Aspial.

(4) Ms Koh Lee Hwee is deemed to be interested in the Shares held by Aspial by virtue of Section 4 of the SFA. As at 16 March 2021, Ms Koh Lee Hwee has an interest, directly and indirectly, in approximately 61.21% of the shares in Aspial.

(5) Ms Ko Lee Meng is deemed to be interested in the Shares held by Aspial by virtue of Section 4 of the SFA. As at 16 March 2021, Ms Ko Lee Meng has an interest, directly and indirectly, in approximately 60.42% of the shares in Aspial.

SHAREHOLDINGS HELD BY THE PUBLIC

Based on the information available to the Company as at 16 March 2021 and to the best knowledge of the Directors of the Company, approximately 13.57% of the issued ordinary shares of the Company was held by the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**Catalist Rules**"). Accordingly, Rule 723 of the Catalist Rules which requires at least 10% of a listed issuer's equity securities to be held by the public is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (“**AGM**”) of World Class Global Limited (the “Company”) will be held by way of electronic means on Thursday, 29 April 2021 at 3:00 p.m., for the purpose of transacting the following business:

ORDINARY BUSINESS

- | | | |
|----|--|--------------|
| 1. | To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2020, together with the Auditor’s Report thereon. | Resolution 1 |
| 2. | To re-elect the following Directors of the Company retiring pursuant to Article 97 of the Company’s Constitution and who, being eligible, offer themselves for re-election, as Directors of the Company: | |
| | (i) Mr Yeoh Seng Huat Geoffrey | Resolution 2 |
| | (ii) Mr Tan Seng Chuan | Resolution 3 |
| | <i>(See Explanatory Notes)</i> | |
| 3. | To approve the payment of Directors’ fees of S\$213,006 for the financial year ended 31 December 2020 (FY2019: S\$240,000). | Resolution 4 |
| 4. | To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. | Resolution 5 |
| 5. | To transact any other business which may properly be transacted at an Annual General Meeting. | |

SPECIAL BUSINESS

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

- | | | |
|----|--|--------------|
| 6. | Authority to allot and issue shares | Resolution 6 |
|----|--|--------------|

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore and Rule 806 of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), the Directors of the Company be authorised and empowered to:

- | | |
|-----|---|
| (a) | (i) 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 ”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, 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 Ordinary Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors of the Company while this Ordinary Resolution was in force, |
|-----|---|

NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Ordinary Resolution (including the shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a *pro-rata* basis to members of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Ordinary Resolution) shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below);
- (2) (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 issued under sub-paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) at the time this Ordinary Resolution is passed, after adjusting for:
 - (i) new shares arising from the conversion or exercise of any convertible securities;
 - (ii) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and
 - (iii) any subsequent bonus issue, consolidation or subdivision of shares,

and, in sub-paragraph (1) above and this sub-paragraph (2), “subsidiary holdings” has the meaning given to it in the Catalist Rules.

Adjustments in accordance with sub-paragraph (2)(i) or sub-paragraph (2)(ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Ordinary Resolution;

- (3) in exercising the authority conferred by this Ordinary Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) unless revoked or varied by the Company in a general meeting, the authority conferred by this Ordinary Resolution shall 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.

(See Explanatory Notes)

NOTICE OF ANNUAL GENERAL MEETING

7. Authority to allot and issue shares under the WCG Share Option Scheme

Resolution 7

That the Directors of the Company be and are hereby authorised to offer and grant options (“**Options**”) in accordance with the rules of the WCG Share Option Scheme (the “**Scheme**”), and at the maximum discount which may be given in respect of any Option of 20% of the Market Price (as defined under the rules of the Scheme), as well as to allot and issue from time to time such number of new shares as may be required to be allotted and issued pursuant to the exercise of the Options under the Scheme, provided always that the aggregate number of shares over which Options may be granted on any date under the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) from time to time, and that such authority shall, unless revoked or varied by the Company in a 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 earlier.

(See Explanatory Notes)

8. Renewal of Share Buyback Mandate

Resolution 8

That:

- (i) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 of Singapore, (the “**Companies Act**”), the exercise by the Directors of the Company of all the powers of the Company to purchase or acquire issued shares not exceeding in aggregate the Maximum Percentage (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:

- (a) on market purchases on the SGX-ST (“**Market Purchase**”); and/or
- (b) 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 consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act (“**Off-Market Purchase**”),

and otherwise in accordance with all other laws 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 Buyback Mandate**”);

- (ii) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback 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 Ordinary Resolution and expiring on the earliest of:
- (a) the date on which the next AGM of the Company is held;
 - (b) the date by which the next AGM of the Company is required by law to be held;
 - (c) the date when such mandate is revoked or varied by the members of the Company in general meeting; or
 - (d) the date on which the share buyback is carried out to the full extent mandated, whichever is earliest;

NOTICE OF ANNUAL GENERAL MEETING

- (iii) in this Ordinary Resolution: “**Maximum Percentage**” means that number of issued shares representing 3% of the total number of issued shares as at the date of the passing of this Ordinary Resolution (excluding any shares which are held as treasury shares and subsidiary holdings as at that date); and
- (a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below) of the shares; and
- (b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 105% of the Average Closing Price of the shares, (the “**Maximum Price**”) in each case, excluding related expenses of the purchase or acquisition.

For the above purposes: “**Average Closing Price**” means the average of the Closing Market Prices of the shares over the last five (5) market days on the SGX-ST or, as the case may be, such securities exchange on which the shares are listed or quoted, on which transactions in the shares were recorded, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action occurring during the relevant five (5) market days period and the day on which the purchases or acquisitions of shares are made; “**Closing Market Price**” means the last dealt price for a share transacted through the SGX-ST’s trading system as shown in any publication of the SGX-ST or other sources; and “**date of the making of the offer**” means the date on which the Company makes an offer for the purchase or acquisition of shares from members of the Company, stating the purchase or acquisition price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

- (iv) 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 may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.

(See Explanatory Notes)

BY ORDER OF THE BOARD

Lim Swee Ann
Yip Chee Kwang

Company Secretaries
14 April 2021, Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

Resolution 2

Mr Yeoh Seng Huat Geoffrey will, upon re-election as a Director of the Company, remain as the Independent Director of the Company, the Chairman of the Audit Committee, as well as a member of the Nominating Committee, Remuneration Committee and Conflicts Resolution Committee of the Company. Mr Yeoh Seng Huat Geoffrey is considered by the Board of Directors of the Company to be independent for the purpose of Rule 704(7) of the Catalyst Rules. Detailed information on Mr Yeoh Seng Huat Geoffrey can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2020. There are no relationships (including immediate family relationships) between Mr Yeoh Seng Huat Geoffrey and the other Directors of the Company, the Company, its related corporations, its substantial members or its officers, which may affect his independence.

Resolution 3

Mr Tan Seng Chuan will, upon re-election as a Director of the Company, remain as the Independent Director of the Company, the Chairman of the Remuneration Committee, as well as a member of the Audit Committee, Nominating Committee and Conflicts Resolution Committee of the Company. Mr Tan Seng Chuan is considered by the Board of Directors of the Company to be independent for the purpose of Rule 704(7) of the Catalyst Rules. Detailed information on Mr Tan Seng Chuan can be found under the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement" of the Company's Annual Report 2020. There are no relationships (including immediate family relationships) between Mr Tan Seng Chuan and the other Directors of the Company, the Company, its related corporations, its substantial members or its officers, which may affect his independence.

Resolution 6

The Ordinary Resolution 6, if passed, will empower the Directors of the Company, effective 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, or such authority is revoked or varied by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings), of which fifty per centum (50%) may be issued other than on a *pro-rata* basis to members of the Company.

For determining the aggregate number of shares that may be issued, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) 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 which were issued and outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

Resolution 7

The Ordinary Resolution 7, if passed, will empower the Directors of the Company to offer and grant options, and at the maximum discount which may be given in respect of any Option of 20% of the Market Price, as well as to allot and issue from time to time new shares pursuant to the Scheme, provided that the aggregate number of shares over which Options may be granted on any date under the Scheme and other share-based incentive scheme(s) or plan(s) to be implemented by the Company (if any) shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) on the day preceding the date of the relevant grant. This authority will, unless revoked or varied by the Company in a general meeting, expire at the next AGM of the Company or by the date by which the next AGM of the Company is required by law to be held, whichever is earlier.

Resolution 8

The Ordinary Resolution 8, if passed, will empower the Directors of the Company from the date of this AGM of the Company until the date 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 or the date on which such authority is revoked or varied by members of the Company in a general meeting, whichever is the earliest, to purchase or acquire by way of Market Purchases or Off-Market Purchases of up to three per centum (3%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) at such price(s) up to the Maximum Price. Information relating to this Ordinary Resolution 8 is set out in the Appendix to this Notice of AGM in relation to the proposed renewal of the Share Buyback Mandate.

Notes:

- (1) The AGM of the Company to be held on Thursday, 29 April 2021 at 3:00 p.m. (the "**Meeting**") is being convened, and will be held, by way of 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 of AGM (the "**Notice of AGM**") and the accompanying proxy form for the AGM, as well as the Company's Annual Report 2020 ("**AR 2020**") will not be sent to members of the Company. Instead, this Notice of AGM and the accompanying proxy form for the AGM, as well as the AR 2020 will be sent to members of the Company by electronic means via publication on the Company's website at the URL <http://wcg.com.sg/investor-relations/> and made available on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements>.
- (2) Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the Meeting are set out in the Company's announcement dated 14 April 2021 (the "**Announcement**"), which has been uploaded together with this Notice of AGM on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> on the same day. The Announcement may also be accessed at the Company's website at the URL <http://wcg.com.sg/investor-relations/>. For the avoidance of doubt, the Announcement is circulated together with and forms part of this Notice of AGM in respect of the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

(3) In particular, the Meeting will be held by way of electronic means and a member of the Company will be able to observe the proceedings of the Meeting through a “live” audio-virtual webcast (“**LIVE WEBCAST**”) via his/her/its mobile phones, tablets or computers or listen to these proceedings through a “live” audio-only stream (“**LIVE AUDIO STREAM**”) via telephone. In order to do so, a member of the Company who wishes to observe the LIVE WEBCAST or listen via the LIVE AUDIO STREAM must register by **3:00 p.m. on 26 April 2021**, at the URL https://rebrand.ly/WCG_AGM21. Following authentication of his/her/its status as members of the Company, authenticated members of the Company will receive email instructions on how to access the LIVE WEBCAST and LIVE AUDIO STREAM to observe/listen to the proceedings of the Meeting by **3:00 p.m. on 28 April 2021**.

(4) A member of the Company who registers to observe the LIVE WEBCAST or listen via the LIVE AUDIO STREAM may also submit questions relating to the business of the Meeting by **3:00 p.m. on 24 April 2021** via email to: WorldClassGlobalAGM@wcg.com.sg.

The Company will endeavor to address all substantial and relevant questions received from the members of the Company and publish its response on the SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and at the Company’s website at the URL <http://wcg.com.sg/investor-relations/> prior to the Meeting. Where substantial and relevant questions are unable to be answered prior to the Meeting, the Company will address them at the Meeting.

(5) Due to the current COVID-19 situation in Singapore, a member of the Company will not be able to attend the AGM of the Company in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM of the Company, he/she/it must appoint the Chairman of the Meeting as proxy to vote on his/her/its behalf at the AGM of the Company. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

(6) The Chairman of the Meeting, as proxy, need not be a member of the Company.

(7) The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must be submitted to the Company in the following manner:

(a) if submitted personally or by post, be lodged at the office of the Company’s Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building Singapore 048544; or

(b) if submitted electronically by email, be received by the Company at WorldClassGlobalAGM@wcg.com.sg,

in either case, by **3:00 p.m. on 26 April 2021** (being not less than seventy-two (72) hours before the time appointed for the holding of the Meeting) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

A member of the Company who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it personally or by post to the address provided above, or before scanning and sending it via email to the email address provided above.

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

(8) The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

(9) Members of the Company who hold shares through relevant intermediaries (as defined in Section 181 of the Companies Act, Chapter 50 of Singapore), and who wish to participate in the Meeting by (i) observing the LIVE WEBCAST or listening via the LIVE AUDIO STREAM; (ii) submitting questions in advance of the Meeting; and/or (iii) appointing the Chairman of the Meeting as proxy to vote on their behalf at the Meeting, should contact the 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 Meeting.

(10) SRS investors who hold shares under SRS, and who wish to appoint the Chairman of the Meeting as proxy should approach their SRS Operators to submit their votes, at least seven (7) working days before the time appointed for the holding of the Meeting (i.e. by **3:00 p.m. on 20 April 2021**). SRS investors are requested to contact their SRS Operators for any queries they may have with regard to the appointment of the Chairman of the Meeting as proxy to vote on their behalf at the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

Personal data privacy:

By submitting (a) a proxy form appointing the Chairman of the Meeting as proxy to vote at the AGM of the Company and/or any adjournment thereof, or (b) member's particulars for pre-registration to participate in the AGM of the Company via LIVE WEBCAST or LIVE AUDIO STREAM, or (c) any question prior to the AGM of the Company in accordance with this Notice of AGM or the Announcement, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents, advisers or service providers, as the case may be) for the following purposes:

- (i) processing and administration by the Company (or its agents, advisers or service providers) of proxy forms appointing the Chairman of the Meeting as proxy for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof);
- (ii) processing of pre-registration for participation at the AGM of the Company for purpose of granting access to members of the Company to the LIVE WEBCAST or LIVE AUDIO STREAM and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions related to the resolutions to be tabled for approval at the AGM of the Company from members of the Company received before the AGM of the Company and if necessary, following up with the relevant members in relation to such questions; and
- (iv) enabling the Company (or its agents, advisers or service providers, as the case may be) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Sound and/or video recordings of the AGM of the Company may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM of the Company. Accordingly, the personal data of a member of the Company (such as name, presence at the AGM of the Company and any questions raised or motions proposed/seconded) may be recorded by the Company for such purposes.

This Notice of AGM has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**"), in accordance with Rule 226(2)(b) of the Catalist Rules.

This Notice of AGM has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Notice of AGM, including the correctness of any of the statements or opinions made, or reports contained in this Notice of AGM.

The contact person for the Sponsor is Ms Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

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WORLD CLASS GLOBAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201329185H)

PROXY FORM
ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this Proxy Form)

IMPORTANT:

1. The Annual General Meeting of the Company (the "AGM" or the "Meeting") is being convened, and will be held, by way of 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 and this accompanying proxy form for the Meeting will not be sent to members of the Company. Instead, the Notice of AGM and this accompanying proxy form for the Meeting will be sent to members of the Company by electronic means via publication on (i) the SGXNet at the URL <https://www.sgx.com/securities/company-announcements/>; and (ii) the Company's website at the URL <http://wgc.com.sg/investor-relations/>.
2. Alternative arrangements relating to attendance at the Meeting via electronic means (including arrangements by which the Meeting can be electronically accessed via "live" audio-visual webcast ("LIVE WEBCAST") or "live" audio-only stream ("LIVE AUDIO STREAM")), submission of questions in advance of the Meeting, addressing of substantial and relevant questions at, or prior to, the Meeting and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the accompanying Company's announcement dated 14 April 2021 (the "Announcement"), which has been published together with the Notice of AGM on the same day. For the avoidance of doubt, the Announcement is circulated together with and forms part of the Notice of AGM in respect of the Meeting.
3. Due to the current COVID-19 situation in Singapore, a member of the Company will not be able to attend the Meeting in person. A member of the Company (whether individual or corporate and including a Relevant Intermediary) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.

I/We, _____ NRIC/Passport/Co. Reg. No. _____

of _____ (address) being a member/members of WORLD CLASS GLOBAL LIMITED (the "Company") hereby appoint the Chairman of the Annual General Meeting of the Company ("Meeting") as my/our* proxy to vote for me/us* on my/our* behalf at the Meeting to be held by way of electronic means on **Thursday, 29 April 2021 at 3:00 p.m.**, and at any adjournment thereof.

I/We* direct the Chairman of the Meeting, being my/our* proxy, to vote for or against, or abstain from voting, on the resolutions to be proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the appointment of the Chairman of the Meeting as my/our* proxy will be treated as invalid.

All resolutions put to the vote at the Meeting shall be decided by way of poll. Please indicate the number of votes as appropriate.

* Delete as appropriate

No.	Ordinary Resolution relating to	Number of Votes For ⁽¹⁾	Number of Votes Against ⁽¹⁾	Number of Votes Abstain ⁽¹⁾
1.	Adoption of the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2020, together with the Auditor's Report thereon			
2.	Re-election of Mr Yeoh Seng Huat Geoffrey as a Director of the Company			
3.	Re-election of Mr Tan Seng Chuan as a Director of the Company			
4.	Approval of the payment of Directors' fees of S\$213,006 for the financial year ended 31 December 2020			
5.	Re-appointment of Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration			
6.	Authority to allot and issue shares			
7.	Authority to allot and issue shares under the WCG Share Option Scheme			
8.	Renewal of Share Buyback Mandate			

(1) If you wish the Chairman of the Meeting as your proxy to exercise all your votes "For" or "Against" or "Abstain" from voting a resolution, please indicate with a "X" within the box provided in respect of that resolution. Alternatively, please indicate the number of votes as appropriate in the relevant box provided in respect of that resolution. If you mark the abstain box for a particular resolution, you are directing the Chairman of the Meeting as your proxy not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this _____ day of _____ 2021

Signature(s) of Member(s) or Common Seal

Total number of Shares Held	
CDP Register	
Member's Register	
Total	

IMPORTANT: PLEASE READ NOTES OVERLEAF.



NOTES:

1. Please insert the total number of shares in the capital of the Company (“**Shares**”) held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the Meeting as proxy will be deemed to relate to all the Shares held by you.
2. Due to the current COVID-19 situation in Singapore, a member of the Company will not be able to attend the Meeting in person. A member of the Company (whether individual or corporate and including a Relevant Intermediary*) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary*) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must be submitted to the Company in the following manner:
 - a. if submitted personally or by post, be lodged at the office of the Company’s Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road, #03-00 ASO Building, Singapore 048544; or
 - b. if submitted electronically by email, be received by the Company at WorldClassGlobalAGM@wcg.com.sg,

in either case, by **3:00 p.m. on 26 April 2021** (being not less than seventy-two (72) hours before the time appointed for the holding of the Meeting) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

A member of the Company who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it personally or by post to the address provided above, or before scanning and sending it via email to the email address provided above.

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

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.
6. This proxy form is not valid for use by an investor who holds shares under the Supplementary Retirement Scheme (“**SRS Investor**”) and shall be ineffective for all intents and purposes if used or purported to be used by him/her. A SRS Investor who wishes to appoint the Chairman of the Meeting as proxy should approach his/her respective SRS Operators to submit his/her votes at least seven (7) working days before the Meeting (i.e. by **3:00 p.m. on 20 April 2021**).

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

GENERAL:

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy if the member of the Company, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for the holding of the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing the Chairman of the Meeting as proxy, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 April 2021.

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WORLD CLASS GLOBAL LIMITED

(Incorporated in the Republic of Singapore on 29 October 2013)
(Company Registration Number: 201329185H)

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