Aspial

Corporation Ltd

Company Registration No: 197001030G

(Incorporated in Singapore)

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

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1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1(i) Consolidated Statement of Comprehensive Income For The Financial Year Ended 31 December 2020 ("FY2020")

	Group		
	FY2020 S$'000	FY2019 S$'000	Change %
Revenue	**531,606**	**560,242**	**-5%**
Materials and subcontract costs	(333,372)	(354,883)	**-6%**
Employee benefits	(60,199)	(62,661)	**-4%**
Depreciation and amortisation	(33,968)	(28,193)	**20%**
Finance costs	(32,351)	(34,268)	**-6%**
Other operating expenses	(76,229)	(77,164)	**-1%**
Interest income	1,402	4,037	**-65%**
Rental income	2,592	2,560	**1%**
Other income	48,675	8,502	**473%**
Share of results of associates and joint ventures	1,427	12,233	**-88%**
Profit before tax	**49,583**	**30,405**	**63%**
Taxation	(20,127)	(11,845)	**70%**
Profit for the year	**29,456**	**18,560**	**59%**
Other comprehensive income			
Net fair value changes on debt and equity instruments at fair value through other comprehensive income	1,355	3,838	**-65%**
Foreign currency translation	16,578	(3,475)	**n.m**
Share of other comprehensive income of associates and a joint venture	(377)	7,663	**n.m**
Other comprehensive income for the year, net of tax	**17,556**	**8,026**	**119%**
Total comprehensive income for the year	**47,012**	**26,586**	**77%**
Profit attributable to:			
Owners of the Company	17,742	12,695	**40%**
Non-controlling interests	11,714	5,865	**100%**
	29,456	**18,560**	**59%**
Total comprehensive income attributable to:			
Owners of the Company	31,597	21,186	**49%**
Non-controlling interests	15,415	5,400	**185%**
	47,012	**26,586**	**77%**
Earnings per ordinary share (cents)			
-Basic	**0.92**	**0.66**	**39%**
-Diluted	**0.92**	**0.66**	**39%**

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Other information :-

	Group		
	FY2020 S$'000	FY2019 S$'000	Change %
Other Income			
Foreign exchange gain	4,783	726	559%
Net fair value gain on derivatives	-	974	n.m
Fair value gain on investment properties	23,223	-	n.m
Government grants and other miscellaneous income	20,549	4,926	317%
Dividend income from equity instruments	120	1,876	-94%
	48,675	**8,502**	
Other operating expenses	**(76,229)**	**(77,164)**	
Included in other operating expenses			
Sales and marketing expenses	(20,961)	(29,317)	-29%
Rental expenses	(931)	(6,804)	-86%
Allowance for write-down of development properties and property held for sale	(7,625)	(1,502)	408%
Fair value loss on investment properties	-	(3,341)	n.m
Impairment loss on property, plant and equipment	(4,407)	(4,156)	6%
Impairment loss on investment securities	(1,792)	(1,959)	-9%
Net fair value loss on derivatives	(16,770)	-	n.m
Repair and maintenance	(8,283)	(7,655)	8%
Net foreign exchange loss	(143)	(1,622)	-91%

n.m - means "not meaningful"

NOTES:

1a. The Group recognises all inventories, including trade-in stock and sales return stock at their cost values. For finished stocks aged 2 years and above, partial provisions for stock obsolescence were made to take into consideration labour costs for designing and rework.

1b. The decrease in materials and subcontract costs in FY2020 was in line with the lower revenue for the real estate and jewellery businesses, partially offset by the higher revenue for financial service business.

1c. The decrease in employee benefits for FY2020 was mainly due to lower staff costs for the real estate and jewellery businesses.

1d. The increase in depreciation and amortisation for FY2020 was mainly attributable to the right-of-use (ROU) assets arising from adoption of SFRS(I) 16 *Leases* and the increase in depreciation of property, plant and equipment.

1e. The lower finance costs for FY2020 was mainly due to the decrease in term notes and bonds.

1f. The decrease in other operating expenses in FY2020 was mainly due to lower sales and marketing expenses for the real estate business, lower rental expenses arising from the adoption of SFRS(I) 16 *Leases* and lower foreign exchange loss. The decrease was partially offset by the increase in write down of development properties and properties held for sale and net fair value loss on derivatives, which mainly relate to forward currency contracts entered into to mitigate the Group's exposure to Australian Dollars.

1g. Lower interest income in FY2020 was mainly due to decrease in investment securities and lower interest-bearing bank deposits and interest earned from deposits held in escrow account upon settlement by purchasers of Australia 108.

1h. The increase in other income in FY2020 was mainly attributable to net fair value gain on investment properties, rental rebates and government grant for wages under the Jobs Support Scheme.

1i. The decrease in share of results of associates and joint ventures in FY2020 was largely due to one-time gain on sale of Crowne Plaza London Kensington in FY2019 by AF Global Limited.

1j. The higher effective tax rate in FY2020 was mainly due to higher tax rate for the overseas real estate business and certain charges which resulted in net losses in the real estate business which cannot be tax-effected under the relevant tax accounting standards. The higher tax expense was partially offset by the recognition of deferred tax asset for the financial services business on the prior year tax losses carried forward which were previously not tax effected.

2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31-Dec-20 S$'000	31-Dec-19 S$'000	31-Dec-20 S$'000	31-Dec-19 S$'000
Non-current assets				
Property, plant and equipment	182,654	171,377	30	171
Intangible assets	8,886	9,599	229	1,233
Investment properties	160,653	60,795	-	-
Investment in subsidiaries	-	-	235,204	225,204
Investment in associates	124,733	124,070	76,529	76,529
Investment in joint ventures	476	75	-	75
Investment securities	10,525	11,872	-	-
Trade and other receivables	5,844	14,282	-	-
Right-of-use assets	78,745	96,972	-	-
Prepayments	5	-	-	-
Deferred tax assets	6,132	3,181	-	1,039
	578,653	**492,223**	**311,992**	**304,251**
Current assets				
Inventories	146,496	149,692	-	-
Development properties	216,505	521,221	-	-
Properties held for sale	280,332	64,237	-	-
Trade and other receivables	303,402	331,293	32	7,826
Prepayments	3,411	5,598	271	319
Due from subsidiaries (non-trade)	-	-	104,080	27,434
Due from joint ventures (non-trade)	1,670	1	-	1
Due from associates (non-trade)	1,035	1,278	-	385
Investment securities	1,786	9,718	-	425
Derivatives	-	2,033	-	-
Cash and bank balances	52,047	146,194	207	337
	1,006,684	**1,231,265**	**104,590**	**36,727**
Total assets	**1,585,337**	**1,723,488**	**416,582**	**340,978**
Current liabilities				
Trade and other payables	78,224	79,577	13,633	16,220
Due to immediate holding company (non-trade)	4,700	-	4,700	-
Due to subsidiaries (non-trade)	-	-	57,512	53,296
Due to an associate (non-trade)	2,960	1,508	-	-
Provision for taxation	18,034	19,720	82	-
Derivatives	7,868	-	-	-
Lease liabilities	21,373	22,591	-	-
Term notes and bonds	162,000	357,982	-	-
Interest-bearing loans and borrowings	352,912	486,436	16,700	-
	648,071	**967,814**	**92,627**	**69,516**
Net current assets/(liabilities)	**358,613**	**263,451**	**11,963**	**(32,789)**
Non-current liabilities				
Interest-bearing loans and borrowings	288,458	104,991	-	-
Term notes and bonds	95,000	142,000	50,000	-
Other payables	6,251	5,939	-	-
Lease liabilities	59,573	75,549	-	-
Deferred tax liabilities	41,043	16,747	39	-
	490,325	**345,226**	**50,039**	**-**
Total liabilities	**1,138,396**	**1,313,040**	**142,666**	**69,516**
Net assets	**446,941**	**410,448**	**273,916**	**271,462**
Equity attributable to shareholders of the Company				
Share capital	226,930	226,930	226,930	226,930
Treasury shares	(1,781)	(2,290)	(1,781)	(2,290)
Other reserves	(4,009)	(17,622)	1,052	1,302
Revenue reserves	118,590	105,705	47,715	45,520
	339,730	**312,723**	**273,916**	**271,462**
Non-controlling interests	107,211	97,725	-	-
Total equity	**446,941**	**410,448**	**273,916**	**271,462**
Net asset value per ordinary share (in cents)	**17.52**	**16.14**	**14.12**	**14.01**

2. STATEMENTS OF FINANCIAL POSITION (CONTINUED)

2a. - Review of Financial Position

Group shareholders' funds increased from S$410.4 million as at 31 December 2019 to S$446.9 million as at 31 December 2020. This was mainly contributed by increase in other reserves, revenue reserves and non-controlling interests. The increase in other reserves was mainly due to the foreign currency translation gain.

The Group's total assets of S$1,585.3 million as at 31 December 2020 was S$138.2 million lower as compared to 31 December 2019. This was mainly attributable to the decrease in development properties, cash and bank balances, trade and other receivables, right-of-use assets, and investment securities, partially offset by the increase in properties held for sale, investment properties and property, plant and equipment. The decrease in development properties was mainly due to the settlement of units sold for Australia 108, partially offset by development expenditures incurred for on-going projects, and reclassification of some completed units to investment properties and properties held for sale. The decrease in cash and bank balances was mainly due to the repayment of interest-bearing loans and borrowings, and the redemptions of retail bonds due in April and August 2020. The decrease in trade and other receivables was mainly due to the decrease in pledge book and secured loans for the Group's financial service business.

The Group's total liabilities of S$1,138.4 million as at 31 December 2020 was S$174.6 million lower than that as at 31 December 2019. This was largely due to decrease in lease liabilities and the redemptions of the Group's outstanding bonds and term notes of S$201.7 million and S$140.7 million which were due in April and August 2020 respectively, partially offset by the increase in interest-bearing loans and borrowings and deferred tax liabilities.

3. CONSOLIDATED STATEMENT OF CASH FLOWS

	FY2020 S$'000	FY2019 S$'000
Operating activities		
Profit before tax	49,583	30,405
Adjustments for:		
Property, plant and equipment written-off	574	980
Impairment loss on intangible assets	-	99
Impairment loss on property, plant and equipment	4,407	4,156
Allowance for write-down of development properties and properties held for sale	7,625	1,502
Loss on disposal of property, plant and equipment	-	1
Gain on disposal of a subsidiary	(108)	-
Loss on disposal of a joint venture	5	-
Employee Share Award Scheme expenses	259	188
Net fair value (gain)/loss on investment properties	(23,223)	3,341
Net fair value loss/(gain) on derivatives	8,470	(974)
Fair value loss on investment securities	378	77
Impairment loss on investment securities	1,792	1,959
Depreciation of property, plant and equipment	7,507	5,832
Depreciation of right-of-use assets	25,023	21,080
Write down/(write-back) of inventories	198	(400)
Interest receivables written-off	-	11
Interest expense	30,806	31,688
Interest income	(1,402)	(4,037)
Amortisation of prepaid rent	3	4
Amortisation of intangible assets	1,435	1,277
Amortisation of prepaid commitment fees	1,309	2,637
Amortisation of premium on term notes	236	(57)
Net loss on disposal of investment securities	83	572
Dividend income from equity instruments	(120)	(1,876)
Loss on purchase and cancellation of term notes and bonds	104	3
Gain on termination of lease contracts	(101)	-
Allowance for doubtful receivables	47	209
Share of results of associates and joint ventures	(1,427)	(12,233)
Unrealised foreign exchange differences	(1,808)	149
Operating profit before changes in working capital	**111,655**	**86,593**
Decrease/(increase) in:		
Inventories	3,384	(2,447)
Development properties, investment properties and properties held for sale	57,728	29,495
Trade and other receivables	34,078	45,184
Prepayments	1,405	(706)
Restricted cash	7,181	(13,197)
Increase/(decrease) in:		
Trade and other payables	3,620	(2,583)
Net cash flows generated from operations	**219,051**	**142,339**
Interest paid	(38,647)	(33,741)
Income taxes paid	(2,914)	(7,285)
Net cash flows generated from operating activities	**177,490**	**101,313**
Investing activities		
Purchase of property, plant and equipment	(35,441)	(29,487)
Proceeds from sale of property, plant and equipment	112	-
Acquisition of intangible assets	(306)	(868)
Interest received	4,494	5,639
Purchase of investment securities	-	(2)
Dividend income from equity instruments	120	1,876
Dividend income from an associates	253	576
Proceeds from disposal of investment securities	8,351	83,792
Net cash outflow on disposal of a subsidiary	(849)	-
Due to/(from) associates (non-trade), net	1,984	(2,098)
Due to joint ventures (non-trade), net	1	10,088
Net cash flows (used in)/generated from investing activities	**(21,281)**	**69,516**

3. CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	FY2020 S$'000	FY2019 S$'000
Financing activities		
Dividends paid to shareholders of the Company	(9,688)	(9,682)
Dividends paid to non-controlling interests of subsidiaries	(7,305)	(4,500)
Proceeds from issuance of ordinary shares by subsidiaries to non-controlling interests	51	115
Proceeds from issuance of term notes	115,000	23,500
Repayment of term notes and bonds	(358,086)	(111,393)
Proceeds from term loans	277,800	207,349
Repayment of term loans	(247,850)	(134,893)
Proceeds/(repayment) of short-term bank borrowings, net	6,812	(43,934)
Repayment of principal portion of lease liabilities	(26,456)	(22,374)
Due to ultimate holding company (non-trade)	4,700	-
Term notes and bonds commitment fee paid	(563)	(756)
Purchase of treasury shares of a subsidiary	-	(116)
Net cash flows used in financing activities	**(245,585)**	**(96,684)**
Net (decrease)/increase in cash and cash equivalents	(89,376)	74,145
Cash and cash equivalents at beginning of year	132,997	59,020
Effect of exchange rate changes on cash and cash equivalents	2,410	(168)
Cash and cash equivalents at end of year	**46,031**	**132,997**

As at 31 December 2020, an amount of S$6.0 million (FY2019: S$13.2 million) has not been included in cash and cash equivalents of the Group as the amount relates to a reserve account held in escrow by a third party which will only be released upon repayment of the loan, interest and related development expenditures.

3a. - Cashflow Analysis

Net cash generated from operating activities was S$177.5 million in FY2020 as compared to S$101.3 million in FY2019. This was mainly due to decrease in development properties, investment properties and properties held for sale, trade and other receivables and restricted cash and the increase in trade and other payables. The decrease in development properties was mainly due to the settlement of units sold for Australia 108, partially offset by development expenditures incurred for on-going projects.

Net cash used in investing activities of S$21.3 million in FY2020 was largely attributable to increase in property, plant and equipment, partially offset by proceeds from disposal of investment securities.

Net cash used in financing activities was S$245.6 million in FY2020 as compared to S$96.7 million in FY2019. The net cash used in financing activities was mainly due to the redemptions of the Group's outstanding bonds and term notes of S$201.7 million and S$140.7 million which were due in April and August 2020 respectively, partially offset by proceeds from issuance of term notes.

As a result, cash and cash equivalent balances decreased to S$46.0 million as at 31 December 2020 from S$133.0 million as at 31 December 2019.

4. STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interests	Total
	Share capital S$'000	Treasury shares S$'000	Revenue reserves S$'000	Other reserves S$'000	S$'000	S$'000
Group						
Balance as at 1 January 2020	**226,930**	**(2,290)**	**105,705**	**(17,622)**	**97,725**	**410,448**
Profit for the year	-	-	17,742	-	11,714	**29,456**
Other comprehensive income for the year						
Net fair value changes on debt and equity instruments at FVOCI	-	-	-	1,376	(21)	**1,355**
Foreign currency translation	-	-	-	12,856	3,722	**16,578**
Share of other comprehensive income of an associate and a joint venture	-	-	-	(377)	-	**(377)**
Other comprehensive income, net of tax	-	-	-	13,855	3,701	**17,556**
Contributions by and distributions to owners						
Dividends on ordinary shares - Cash dividends	-	-	(4,849)	-	-	**(4,849)**
Dividend paid to non-controlling interests of subsidiaries - Cash dividends	-	-	-	-	(6,003)	**(6,003)**
Treasury shares re-issued pursuant to Aspial Performance Share Plan	-	509	-	(250)	-	**259**
Total contributions by and distributions to owners	-	509	(4,849)	(250)	(6,003)	**(10,593)**
Changes in ownership interests in subsidiaries						
Change in ownership interest in subsidiaries without a change in control	-	-	-	-	51	**51**
Change in ownership interest in subsidiaries with a change in control	-	-	-	-	23	**23**
Total changes in ownership interests in subsidiaries	-	-	-	-	74	**74**
Others						
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	-	-	(8)	8	-	**-**
Total Others	-	-	(8)	8	-	**-**
Balance as at 31 December 2020	**226,930**	**(1,781)**	**118,590**	**(4,009)**	**107,211**	**446,941**
Balance as at 1 January 2019	226,930	(2,589)	109,335	(27,776)	100,663	**406,563**
Profit for the year	-	-	12,695	-	5,865	**18,560**
Other comprehensive income for the year						
Net fair value changes on debt and equity instruments at FVOCI	-	-	-	3,496	342	**3,838**
Foreign currency translation	-	-	-	(2,668)	(807)	**(3,475)**
Share of other comprehensive income of an associate and a joint venture	-	-	-	7,663	-	**7,663**
Other comprehensive income, net of tax	-	-	-	8,491	(465)	**8,026**
Contributions by and distributions to owners						
Dividend on ordinary shares - Cash dividends	-	-	(14,529)	-	-	**(14,529)**
Dividend paid to non-controlling interests of subsidiaries - Cash dividends	-	-	-	-	(8,495)	**(8,495)**
Treasury shares reissued pursuant to Aspial Performance Share Plan	-	299	-	(111)	-	**188**
Capital contribution from non-controlling interests	-	-	-	-	115	**115**
Total contributions by and distributions to owners	-	299	(14,529)	(111)	(8,380)	**(22,721)**
Changes in ownership interests in subsidiaries						
Changes in ownership interests in subsidiaries without a change in control	-	-	1	(23)	42	**20**
Total changes in ownership interests in subsidiaries	-	-	1	(23)	42	**20**
Others						
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	-	-	(1,797)	1,797	-	**-**
Total Others	-	-	(1,797)	1,797	-	**-**
Balance as at 31 December 2019	**226,930**	**(2,290)**	**105,705**	**(17,622)**	**97,725**	**410,448**

4. STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Attributable to shareholders of the Company				Non-controlling interests	Total
	Share capital S$'000	Treasury shares S$'000	Revenue reserves S$'000	Other reserves S$'000	S$'000	S$'000
Company						
Balance as at 1 January 2020	**226,930**	**(2,290)**	**45,520**	**1,302**	**-**	**271,462**
Profit for the year, representing total comprehensive income for the year	-	-	7,044	-	-	**7,044**
Contributions by and distributions to owners						
Dividends on ordinary shares - Cash dividends	-	-	(4,849)	-	-	**(4,849)**
Treasury shares reissued pursuant to Aspial Performance Share Plan	-	509	-	(250)	-	**259**
Total contributions by and distributions to owners	-	509	(4,849)	(250)	-	**(4,590)**
Balance as at 31 December 2020	**226,930**	**(1,781)**	**47,715**	**1,052**	**-**	**273,916**
Balance as at 1 January 2019	**226,930**	**(2,589)**	**31,861**	**1,413**	**-**	**257,615**
Profit for the year, representing total comprehensive income for the year	-	-	28,188	-	-	**28,188**
Contributions by and distributions to owners						
Dividends on ordinary shares - Cash dividends	-	-	(14,529)	-	-	**(14,529)**
Treasury shares reissued pursuant to Aspial Performance Share Plan	-	299	-	(111)		**188**
Total contributions by and distributions to owners	-	299	(14,529)	(111)	-	**(14,341)**
Balance as at 31 December 2019	**226,930**	**(2,290)**	**45,520**	**1,302**	**-**	**271,462**

5. CHANGES IN SHARE CAPITAL

	Company	
	No. of shares '000	S$ '000
Issued and fully paid share capital (excluding treasury shares)		
Balance at 1 January and 30 June 2020	1,937,577	224,640
Distributed as staff benefits	1,850	509
Balance at 31 December 2020	**1,939,427**	**225,149**

6. CHANGES IN TREASURY SHARES

There were 1,850,000 (31 December 2019: 1,085,928) treasury shares transferred to employees under the Aspial Performance Share Plan during the financial year.

	Company	
	No. of shares '000	S$ '000
Balance at 1 January and 30 June 2020	8,319	2,290
Distributed as staff benefits	(1,850)	(509)
Balance at 31 December 2020	**6,469**	**1,781**

7. CHANGES IN SUBSIDIARY HOLDINGS

Not applicable. The company does not have any subsidiary holdings.

8. GROUP BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand

As at 31-Dec-2020		As at 31-Dec-19	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
327,471	187,441	464,295	380,123

Amount repayable after one year

As at 31-Dec-2020		As at 31-Dec-19	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
265,428	118,030	104,755	142,236

Details of collateral

The Group's borrowings and debt securities are secured as follows:-

i) legal mortgages over subsidiaries' development properties;
ii) legal assignment of subsidiaries' interest under the Sale and Purchase agreements and tenancy agreements in respect of development properties or units;
iii) legal assignment of subsidiaries' interest in the Project Account and Rental Account;
iv) corporate guarantee by the Company; and
v) fixed and floating charge on all current assets of certain subsidiaries.

9. AUDITOR'S REPORT

The figures have neither been audited nor reviewed by the auditors.

10. AUDIT OPINION (APPLICABLE TO COMPANIES THAT HAVE RECEIVED MODIFIED AUDIT OPINIONS)

Not applicable.

11. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the full year results announcement for the current financial year ended 31 December 2020 as those of the audited financial statements for the financial year ended 31 December 2019, as well as all applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for financial years beginning on or after 1 January 2020.

The adoption of these new and revised SFRS(I) and Interpretations of SFRS(I) relevant to the Group's operations which are effective for annual periods beginning on or after 1 January 2020 does not have a material impact on the financial statements.

12. EARNINGS PER SHARE

	Group	
	FY2020	FY2019
i) Basic earnings per share (cents)	0.92	0.66
ii) Diluted earnings per share (cents)	0.92	0.66
-Weighted average number of shares (excluding treasury shares) ('000)	1,938,123	1,936,775

13. NET ASSET VALUE PER SHARE

	Group		Company	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Net asset value per ordinary share (in cents)	17.52	16.14	14.12	14.01
Number of ordinary shares in issue (excluding treasury shares) ('000)	1,939,427	1,937,577	1,939,427	1,937,577

14. VARIANCE FROM FORECAST STATEMENT

No forecast for the year ended 31 December 2020 was previously provided.

15. REVIEW OF CORPORATE PERFORMANCE

Despite the extensive impact of the COVID-19 pandemic, the Group's core businesses remained profitable, except the hospitality business through the Group's investment in AF Global Limited ("AF Global"), which had been affected by the closure and low occupancy of its hotel in Phuket, Thailand.

The Group registered a revenue of S$531.6 million and a pre-tax profit of S$49.6 million in FY2020.

Group revenue of S$531.6 million for FY2020 was S$28.6 million or 5.1% lower than the revenue in FY2019. The lower revenue was due to the decrease in contribution from the Real Estate Business and Jewellery Business, partly offset by higher revenue from the Financial Service Business.

Revenue from the Real Estate Business declined by 19.3% from S$210.9 million in FY2019 to S$170.3 million in FY2020. The revenue in FY2020 was mainly contributed by Australia 108 as the project achieved full completion in October 2020.

Revenue from the Financial Service Business increased by S$44.3 million or 20.3% to S$262.8 million in FY2020. The increase was mainly due to higher revenue from the retail and trading of jewellery and branded merchandise in Singapore, partially offset by lower revenue from the pawnbroking and secured lending businesses.

The Jewellery Business recorded revenue of S$100.4 million in FY2020 as compared to S$139.8 million in FY2019. The lower revenue was mainly due to the closure of retail outlets in Singapore during the Circuit Breaker period.

The Group's pre-tax profit of S$49.6 million for FY2020 was 63.2% higher than the S$30.4 million recorded in FY2019.

Pre-tax profit from the Real Estate Business decreased by S$1.9 million or 12.3% to S$13.6 million in FY2020. The previous year's pre-tax profit was higher because of higher contribution from Australia 108 and the AVANT project.

In line with the growth in revenue, pre-tax profit for the Financial Service Business surged by 63.1% to S$29.3 million in FY2020. The increase in pre-tax profit was mainly due to higher profit contribution from the retail and trading of jewellery and branded merchandise in Singapore and pawnbroking business, partially offset by lower profit contribution from the secured lending business. Grants and rebates relating to staff and rental expense also helped to defray some of the operating costs.

The Jewellery Business recorded a pre-tax profit of S$10.4 million in FY2020 as compared to a pre-tax loss of S$0.4 million in FY2019. Grants and rebates relating to staff and rental expense helped to defray some of the operating costs.

The AF Global hospitality business was affected by the COVID-19 pandemic resulting in an overall loss in FY2020.

16. BUSINESS OUTLOOK

The outlook for FY2021 remains challenging amid the global and domestic economic uncertainties resulting from the COVID-19 pandemic.

The Group will continue to explore new business opportunities, transform and consolidate its existing businesses to improve effectiveness and efficiency, and to provide greater control and flexibility to manage and optimise resources across its various business units.

Real Estate

In Singapore, the Group will continue to market the commercial units in its portfolio for rent and sale. In Australia, the Group has achieved full completion of Australia 108 and has leased out some of the available units to generate rental income.

The Group has unbilled sales of approximately S$240 million from the existing contracts from its on-going projects. The unbilled sales will only be recognised as revenue upon settlement of the contracts.

Financial Service Business

The ongoing COVID-19 pandemic and the resulting economic uncertainties have affected employment and consumer sentiments in the various countries in which we operate. Our pawnbroking and retail operations have also been impacted by the volatile gold price, disruption to supply chain and restrictive cross border travel.

In view of the challenging business environment, the Group will continue to leverage on its branding, store network, innovation and staff training to further improve the effectiveness and efficiency of delivery of its products and services.

Jewellery Business

The Group expects consumer sentiments to remain uncertain with the ongoing COVID-19 pandemic and will work on improving the operational effectiveness and efficiency of its Jewellery Business.

AF Global Limited

The hospitality market is expected to remain challenging in the near term as international travel restrictions continue to be in place across most countries. We will continue to monitor the evolving pandemic situation and manage our costs accordingly to minimise the financial impact on the Group.

In China, the Xuzhou Gulou Square project is still under court proceedings. We will provide the necessary update when there is any further material development.

In Singapore, the market is expected to pick up further in the coming months with the low-interest rate environment, growing vaccine optimism and potential macroeconomic recovery. The agency business is expected to remain stable.

Debt Analysis

The Group's total debt has declined in FY2020. Total debt decreased by S$193.0 million from S$1,091.4 million as at 31 December 2019 to S$898.4 million as at 31 December 2020.

As at 31 December 2020, total loans and borrowings of S$641.4 million were S$49.9 million higher compared to 31 December 2019. Of the total loans and borrowings, property related loans was about S$281.2 million for the Real Estate Business and the balance S$360.2 million was mainly working capital and mortgage loan for its Financial Service Business and Jewellery Business.

Total outstanding term notes and bonds have reduced substantially from S$500.0 million as at 31 December 2019 to S$257.0 million (inclusive of S$45.0 million Maxi-Cash bonds) as at 31 December 2020, mainly due to the redemption of the retail bonds due in FY2020.

Barring unforeseen circumstances such as unfavourable changes in Australian and Malaysian currencies, revaluation and impairment loss of its real estate assets and a severe impact on the economy arising from the COVID-19 pandemic, the Group expects to be profitable in FY2021.

17. SEGMENT INFORMATION

2020 Business Segment	Real Estate S$'000	Financial Service S$'000	Jewellery S$'000	Others S$'000	Elimination S$'000	Group S$'000
Revenue	170,255	261,556	99,435	360	-	531,606
Inter-segment revenue	-	1,265	1,013	4,290	(6,568)	-
	170,255	262,821	100,448	4,650	(6,568)	531,606
Results :						
Segment result	26,472	40,303	12,501	2,971	(1,479)	80,768
Unallocated expenses	-	-	-	-	-	(236)
Interest income	770	148	102	21,779	(21,397)	1,402
Profit from operations	27,242	40,451	12,603	24,750		81,934
Finance costs	(13,630)	(11,199)	(2,212)	(24,516)	19,206	(32,351)
Profit from operations before taxation	13,612	29,252	10,391	234		49,583
Taxation	(16,868)	137	(1,463)	(1,933)		(20,127)
Profit/(loss) for the year	(3,256)	29,389	8,928	(1,699)		29,456
Assets and liabilities						
Segment assets	784,081	512,570	184,284	748,773	(650,503)	1,579,205
Unallocated assets						6,132
Total assets						1,585,337
Segment liabilities	547,003	358,640	119,962	460,876	(407,162)	1,079,319
Unallocated liabilities						59,077
Total liabilities						1,138,396
Other segment information						
Dividend income from equity instruments	-	99	-	21	-	120
Depreciation and amortisation	252	13,601	17,589	2,526	-	33,968
Share of result from associates	(538)	-	3,774	(2,012)	-	1,224
Share of result from joint venture	-	(6)	197	-	12	203
Capital expenditure	7,708	26,808	1,076	482	(633)	35,441
Other significant non-cash expenses	11,598	1,282	(169)	2,970	(6,598)	9,083
Investment in joint ventures	-	1,409	1,885	-	(2,818)	476
Investment in associates	7,849	-	14,517	102,367	-	124,733

2019 Business Segment	Real Estate S$'000	Financial Service S$'000	Jewellery S$'000	Others S$'000	Elimination S$'000	Group S$'000
Revenue	210,882	212,840	136,924	-	(404)	560,242
Inter-segment revenue	-	5,639	2,840	558	(9,037)	-
	210,882	218,479	139,764	558	(9,441)	560,242
Results :						
Segment result	22,316	30,809	2,380	38,935	(33,538)	60,902
Unallocated expenses	-	-	-	-	-	(266)
Interest income	2,403	425	4	36,366	(35,161)	4,037
Profit from operations	24,719	31,234	2,384	75,301		64,673
Finance costs	(9,179)	(13,295)	(2,771)	(40,575)	31,552	(34,268)
Profit/(loss) from operations before taxation	15,540	17,939	(387)	34,726		30,405
Taxation	(9,119)	(3,003)	(404)	681		(11,845)
Profit/(loss) for the year	6,421	14,936	(791)	35,407		18,560

17. SEGMENT INFORMATION (CONTINUED)

2019 Business Segment	Real Estate S$'000	Financial Service S$'000	Jewellery S$'000	Others S$'000	Elimination S$'000	Group S$'000
Assets and liabilities						
Segment assets	881,992	521,386	193,960	903,830	(780,861)	1,720,307
Unallocated assets						3,181
Total assets						1,723,488
Segment liabilities	676,606	379,168	150,001	602,613	(531,815)	1,276,573
Unallocated liabilities						36,467
Total liabilities						1,313,040
Other segment information						
Depreciation and amortisation	212	11,555	15,484	925	17	28,193
Share of result from associates	(1,247)	-	1,287	-	-	40
Share of result from joint venture	-	(226)	(226)	12,193	452	12,193
Capital expenditure	236	2,152	4,165	22,934	-	29,487
Other significant non-cash expenses	6,774	839	347	3,000	-	10,960
Investment in joint ventures	-	6,415	6,415	75	(12,830)	75
Investment in associates	8,387	-	10,977	104,706	-	124,070

18. BREAKDOWN OF REVENUE AND RESULTS

	GROUP		
	2020 S$'000	2019 S$'000	Increase / (Decrease) %
Sales reported for first half	234,204	312,464	-25.0%
Profit after tax before deducting non-controlling interests for first half	10,219	18,096	-43.5%
Sales reported for second half	297,402	247,778	20.0%
Profit after tax before deducting non-controlling interests for second half	19,237	464	n.m

19. INTERESTED PERSON TRANSACTIONS

No interested persons transactions ("IPT") were conducted under the Company's IPT mandate for the year ended 31 December 2020.

20. DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION WHO IS A RELATIVE OF A DIRECTOR OR CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ng Sheng Tiong	54	Husband of Koh Lee Hwee (Executive Director)	He is the CEO of a subsidiary, World Class Global Ltd. He is also a Director of the following subsidiaries/sub-subsidiaries: Subsidiaries World Class Land Pte Ltd World Class Global Ltd	He was appointed as the CEO of World Class Global Ltd in March 2016

20. DISCLOSURE OF PERSON OCCUPYING A MANAGERIAL POSITION WHO IS A RELATIVE OF A DIRECTOR OR CHIEF EXECUTIVE OFFICER OR SUBSTANTIAL SHAREHOLDER (CONTINUED)

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ng Sheng Tiong	54	Husband of Koh Lee Hwee (Executive Director)	Sub-subsidiaries Advance Property Pte Ltd World Class Property Pte Ltd Dynamic Project Management Services Pte Ltd World Class Investments Pte Ltd Headway Construction Pte Ltd World Class Property (Telok Kurau) Pte Ltd World Class Developments Pte Ltd World Class Developments (Bedok) Pte Ltd World Class Developments (Central) Pte Ltd World Class Developments (City Central) Pte Ltd World Class Developments (North) Pte Ltd World Class Land (Australia) Pty Ltd WCL- Central Park (QLD) Pty Ltd WCL- Cairns(QLD) Pty Ltd WCL-Southbank (VIC) Pty Ltd WCL-A Beckett (VIC) Pty Ltd WCL (QLD) Holdings Pty Ltd WCL (QLD) Albert St Pty Ltd WCL (QLD) Margaret St Pty Ltd WCL (CNS) CBD Pty Ltd Dynamic Ideas Pty Ltd SBD 102 Pty Ltd World Class Land (Malaysia) Sdn Bhd World Class Land (Penang) Sdn Bhd World Class Land (Georgetown) Sdn Bhd World Class Land (Georgetown) Holdings Sdn Bhd WCL (Macallum) Sdn Bhd WCL (Noordin St) Sdn Bhd WCL (Magazine) Sdn Bhd WCL (Bertam R) Sdn Bhd WCL (Bertam L) Sdn Bhd PHC Hotels Sdn Bhd Penang Parade Hotels Sdn Bhd	

21. DIVIDEND

(i) Any dividend declared for the current financial year reported on?

No

(ii) Any dividend declared for the preceding financial year?

Yes

Name of dividend	2019
Name of dividend	Final
Dividend Type	Cash/Scrip
Dividend Rate	0.25 cent per ordinary share
Tax Rate	One-tier tax exempt
Book closure date	To be announced later
Payment date	To be announced later

(iii) If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

In view of the economic uncertainties caused by COVID-19 pandemic, no dividend has been declared for the current financial year as the Group intends to retain cash for its working capital, to reduce its borrowings and fund any potential growth opportunities in future.

22. PROCURED UNDERTAKINGS BY THE BOARD AND EXECUTIVE OFFICERS PURSUANT TO RULE 720 (1) OF THE LISTING MANUAL

The Company confirms that all the required undertakings under Rule 720 (1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

On behalf of the Board of Directors,

Koh Wee Seng
CEO

Koh Lee Hwee
Director

24 February 2021