ALSET INTERNATIONAL LTD

ANNUAL REPORT **2020**

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This annual report has been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, 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 Vera Leong, Vice President, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone: +65 6415-9881.

COMPANY PROFILE

Incorporated on 9 September 2009 and listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") since July 2010, Alset International Limited ("Alset") has since diversified into international markets. The Group's portfolio comprises (i) property development and related services; (ii) information technology related businesses; (iii) development, research, testing, manufacturing, licensing and distribution of biomedical products; and (iv) investment activities.

Alset will continue to pursue corporate recovery and focus on achieving scalability, sustainability and growth leveraging on the management's expertise and experience with a view to enhancing shareholders' value.

CEO MESSAGE

Dear Shareholders,

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual report for Alset International Limited ("Alset", the "Company" or together with its subsidiaries, the "Group") for the financial year ended 31 December 2020 ("FY2020").

2020 was indeed a volatile and uncertain year due to the onset of the Coronavirus Disease 2019 ("COVID-19") pandemic which caused considerable disruption to the livelihoods of many, not to mention the adverse and widespread impact that it has and continues to inflict on the global economy at-large. Nonetheless, we remained focused on executing our strategic growth plans and delivered very positive results during the year. This was not by chance, but has been a culmination of several years of dedicated restructuring efforts after we took over the reins from the previous management team and a company that was on the verge of bankruptcy. Today, we have grown to become a global enterprise that is involved in international property development, biomedical sciences, asset management with a primary focus in US medical and housing REITs, direct sales in health and wellness products as well as information technology-related business including blockchain technology. After years in the making, we are on the cusp of tying together these diverse strengths to unlock synergistic value for our shareholders – all this through our sustainable healthy living ecosystem which will revolutionalise the way many of us live, work and play.

We are now at a crucial inflection point, having posted a strong earnings turnaround for FY2020, the first since we kickstarted our corporate recovery plans back in 2013. With that, I am pleased to outline our corporate and business updates.

International Property Development Business

Our international property development division's main assets are two property development projects: one located north of Houston, Texas (referred to as our "Black Oak" project) and one located near Washington D.C. in Frederick, Maryland (referred to as our "Ballenger Run" project).

For our Ballenger Run project, we continue to develop and deliver lots in accordance with the lot purchase agreements between SeD Maryland, LLC, an 83.5%-owned subsidiary of the Group and NVR Inc, one of America's leading homebuilders. Notably, we recorded the highest revenue in a single quarter since the Ballenger Run project commenced operations in 2014, with NVR purchasing 49 lots for a sales value of S$8.8 million for 4Q2020. For FY2020, NVR purchased 121 lots for a total of S$21.2 million, albeit slightly lower than 2019 when we recorded sales from NVR of S$21.7 million for 123 lot settlements.

As of 1 February 2021, our Ballenger Run project has 79 lots remaining; NVR has already indicated that they will be purchasing approximately 31 of those from SeD Maryland, LLC in 1Q2021 as sales are expected to remain strong throughout the year. As a result, we will continue our development activities and execute lot sales in the final phase as outlined in the lot purchase agreements with NVR. For our Black Oak project, Phase 1 comprising 124 lots first

CEO MESSAGE

sold to our partner Rausch Coleman Homes in 2019 for the development of the Lakes at Black Oak. Rausch Coleman Homes has almost completed building and selling all homes in Phase 1.

Beyond Phase 1 for Black Oak, we have earmarked the remaining undeveloped lots for the development of Alset EHomes, eco-friendly gated single-family homes ("SFH") fully fitted with, amongst others, sustainable transport, living and energy systems including solar systems and energy storage as well as electric cars utilising a vehicle-to-grid concept. We have kicked off infrastructure works for this sustainable healthy living community project and intend to develop proof-of-concept Alset EHomes in due course. Apart from the Black Oak development, the Group intends to bring this concept to other parts of the US as well as markets abroad. Over the nearer term, it is our intention to acquire approximately 100 newly built SFH in Texas and Maryland for rental purposes; Alset EHomes' sustainable healthy living systems will also be applied to these newly built SFH as an initial proof-of-concept.

Overall, we remain focused on improving the cashflow of our projects by sourcing financing and seeking infrastructure reimbursements from the relevant improvement districts. To this end, our subsidiary Alset EHome Inc. entered into a loan agreement on 18 June 2020 with Manufacturers and Traders Trust Company, a New York-based banking corporation for a non-revolving loan to Alset EHome Inc. for an aggregate amount of up to US$2,990,000 (the "Loan") with a maturity date of 1 July 2022. We anticipate terminating this loan in 2Q2021 for conversion into a construction loan agreement for the future development of single-family rental homes. We will also be seeking credit facilities to assist with the acquisition of the newly built single-family rental units.

While we continue to explore opportunities to sell our existing properties or develop future phases, it should be noted that the COVID-19 pandemic may have material and adverse effects on our business operations, be it directly impacting the ability of our staff and contractors to continue work, or our ability to conduct our operations in a prompt and efficient manner which may cause the completion of important stages of our projects to be delayed. The extent to which the COVID-19 pandemic may impact our business will depend on future developments, which are highly uncertain and cannot be predicted. As a result, we will continue to carefully monitor the situation and make efforts to mitigate these risks.

Biomedical Business

In March 2019, we incorporated HWH World Inc. ("HWH") in Korea, a company established to conduct the distribution of health and personal care products through network marketing. In a short span of under two years, HWH has seen solid growth having reported S$3.9 million revenue for FY2020. Having already established our footprint in the Seoul region of Korea, we have proceeded with our plans to expand to Cheonan, Daegu, Daojeon and Busan regions to capture new growth opportunities. Despite the headwinds faced due to the COVID-19 pandemic, HWH is well positioned as a platform to help the many financially-impacted individuals to earn a supplemental income by sharing and referring best-in-class health and personal care products in our HWH Marketplace to friends, family and other prospective customers through social media and other technology channels.

Additionally, we expanded our direct selling product portfolio through an investment in American Premium Water Corporation ("American Premium Water") following our plans to sell their products, namely the LALPINA CBD, via HWH. On 20 July 2020, we had announced that BioHealth Water Inc. ("Biohealth Water"), our indirect wholly-owned subsidiary, had entered into a securities purchase agreement with American Premium Water for an aggregate subscription price of US$122,039 for the subscription of (i) 122,039,000 shares of American Premium Water's common stock, representing approximately 9.99% of the total issued and paid-up common stock of American Premium Water on an enlarged basis comprising 1,221,606,421 shares of common stock as at the date of the announcement; and (ii) warrants exercisable into 1,220,390,000 shares of American Premium Water's common stock. Utilising American Premium Water's proprietary Hydro Nano technology, LALPINA CBD infuses its beverages with cannabidiol ("CBD") particles less than one nanometer in size, thereby increasing bioavailability and creating an unparalleled user experience.

In the face of evolving market dynamics and the shift towards a "Gig Economy", we intend to focus on aggressively growing our direct selling business; we believe this will allow us to expand our revenue streams and ensure the relevance and sustainability of our Group's business model moving forward.

CEO MESSAGE

Investment Business

Our investment arm is focused on the discovery and development of potentially profitable businesses through investments via equity, convertible securities and financial instruments.

In line with the development of our remaining lots for our Black Oak project, we have also placed increasing emphasis on growing our real estate investment trust ("REIT") business, where we have a particularly good track record and great confidence to propel growth in this area. Incorporated in 2019, our wholly-owned subsidiary, SeD Home Reit, Inc., has been established to manage our Black Oak SFH Alset EHomes communities that we intend to develop over the coming years. This will provide an avenue for these homes built to be an organic pipeline for the REIT, allowing us to capture more revenue streams from the land that we already own. Beyond the Black Oak properties, the REIT will also be raising more funds to acquire other properties in the United States to generate healthy rental returns.

While we expand our revenue streams through this business arm, we will exercise prudence and discretion in our investments, thus ensuring full adherence to appropriate risk management safeguards.

Biomedical Business

In FY2020, both Impact Biomedical Inc. ("Impact Biomedical"), our Biomedical arm, and iGalen International Inc. were disposed.

Earlier on in 2020, we had announced that molecular docking studies utilising advanced computational models indicated that Impact Biomedical's Linebacker and Equivir drugs had successfully inhibited infection of SARS-Cov-2, the virus responsible for the COVID-19 outbreak. The research conducted was part of a program conducted by our partners GRDG Sciences, LLC ("GRDG Sciences") which adheres to the principles and initiatives established by Project Bioshield and the Biomedical Advanced Research and Development Authority (BARDA) directives.

On 16 March 2020, we had announced that the Group had entered into a legally binding term sheet with NYSE-listed Document Security Systems, Inc. ("DSS") and subsequently the share exchange agreement for the disposal of the entire issued and paid-up share capital of Impact Biomedical to DSS Biohealth, a subsidiary of DSS. For the purposes of this landmark deal that we were entering, we appointed W Capital Markets Pte Ltd as our independent financial adviser as well as contracted a recognised intellectual property valuation licensing firm to partake in the valuation of our suite of antiviral medical technologies (the "Suite") which was eventually valued at US$592.0 million (S$841.0 million), of which Impact Biomedical's 64.53% stake equated to a value of US$382.0 million (S$542.0 million). A subsequent valuation thereafter initiated by GRDG Sciences, which took into consideration numerous additional disease applications of the Suite, equated Impact Biomedical's 64.53% stake to US$933.0 million (S$1.32 billion) instead.

After all the key conditions of the share exchange agreement were met, which included the vote of approval by shareholders of both the Group as well as DSS, we had on 24 August 2020 announced the completion of the US$50.0 million share swap, effectively disposing the entire issued and paid-up share capital of Impact Biomedical to DSS. The deal consideration was subsequently satisfied by DSS through the allotment and issue of (i) 483,334 New DSS Common Stock with a stated value of US$3,132,000 or US$6.48 per New DSS Common Stock and a par value of US$0.02 for each New DSS Common Stock; and (ii) 46,868 Perpetual Convertible DSS Preferred Stock with a stated value of US$46,868,000 or US$1,000 per Perpetual Convertible DSS Preferred Stock which is convertible into 7,232,716 New DSS Common Stock to the extent that such conversion shall not exceed the Prescribed Conversion Limit.

Overall, the completion of the US$50.0 million share swap contributed positively to our performance for FY2020 where we recorded a net profit attributable to shareholders of S$56.3 million, a significant earnings turnaround driven mainly by the S$61.8 million gain on disposal of Impact Biomedical.

Notwithstanding the disposal of Impact Biomedical, we continue to develop our remaining Biomedical initiatives and projects, and will continue to seek other opportunities in the Biomedical space.

CEO MESSAGE

Information Technology Business

We have been further enhancing our platform technologies surrounding the social media, messaging and community collaboration space. With our previous engagement with HotApp's platform within the network marketing space, we have worked together with HotApp to service the growing demand for such services in the "Gig Economy". Named the GigWorld Platform, this newly established service is designed to serve the Gig Economy ecosystem, primarily in the affiliate and influencer marketing space. We intend to work closely with some of the more notable Gig Economy tech players in building next-generation mobile applications which will serve to migrate users from the traditional direct selling model to the Gig Economy model.

Corporate Developments

In view of the slew of developments that have transpiring for the Group, we had in FY2020 initiated a rebranding exercise to rejuvenate our company's name from Singapore eDevelopment Limited to Alset International Limited which became effective on 9 September 2020. This accurately reflects our global aspirations, plans and strategic direction going forward. In particular, we are of the view that the name Alset International Limited will allow international stakeholders to better identify with the Company and will be more appropriate given the growth and expansion of the Company's businesses not only in Singapore but globally as well.

Financial Performance in FY2020

The Group generated S$25.0 million in revenue for FY2020, compared to S$30.6 million in the preceding year, contributed mainly by the Group's Ballenger Run project which generated S$21.2 million in revenue for FY2020 and S$2.5 million in gross profit from the sale of 121 lots. On the other hand, HWH contributed S$3.9 million in revenue and recorded a S$0.2 million gross profit for FY2020.

For FY2020, the Group generated a profit from discontinued operation of S$63.7 million, driven mainly by a S$61.8 million gain on disposal of Impact Biomedical, the Group's Biomedical arm, following the completion of the US$50 million Share Swap with NYSE-listed Document Security Systems Inc. on 21 August 2020. As a result, the Group recorded a net profit attributable to shareholders of S$56.3 million for FY2020, a significant turnaround from a net loss of S$13.1 million in the preceding year.

Outlook

As worldwide inoculation efforts are underway, we see brighter spots for the global economy that is progressively on the path to recovery. With that said, we remain cautiously optimistic of our prospects to drive growth via our newly established Alset Ehomes and its sustainable healthy living systems, as well as our pursuits to expand into the "Gig Economy" space. Leveraging on our expertise, production capabilities and track record that we have built up over the years, the board of directors are confident that we will be able to lead the world's transition and accelerate the advent of sustainable healthy living systems globally.

Appreciation

In closing, I would like to take this opportunity to appreciate all of our management staff, directors, partners and service providers for their commitment, hard work and belief in the company over the past year. Above all, I wish to thank our loyal shareholders for their continued support.

Mr. Chan Heng Fai
Executive Chairman, Executive Director and Group Chief Executive Officer
12 April 2021

BALLENGER RUN COMMUNITY DEVELOPMENT PROJECT

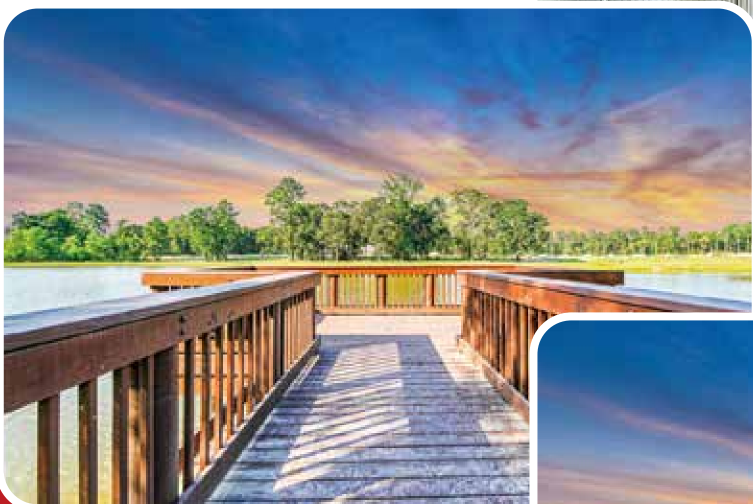
BALLENGER RUN COMMUNITY DEVELOPMENT PROJECT

BR
Ballenger Run
— FINE HOMES. HAPPY LIVING. —

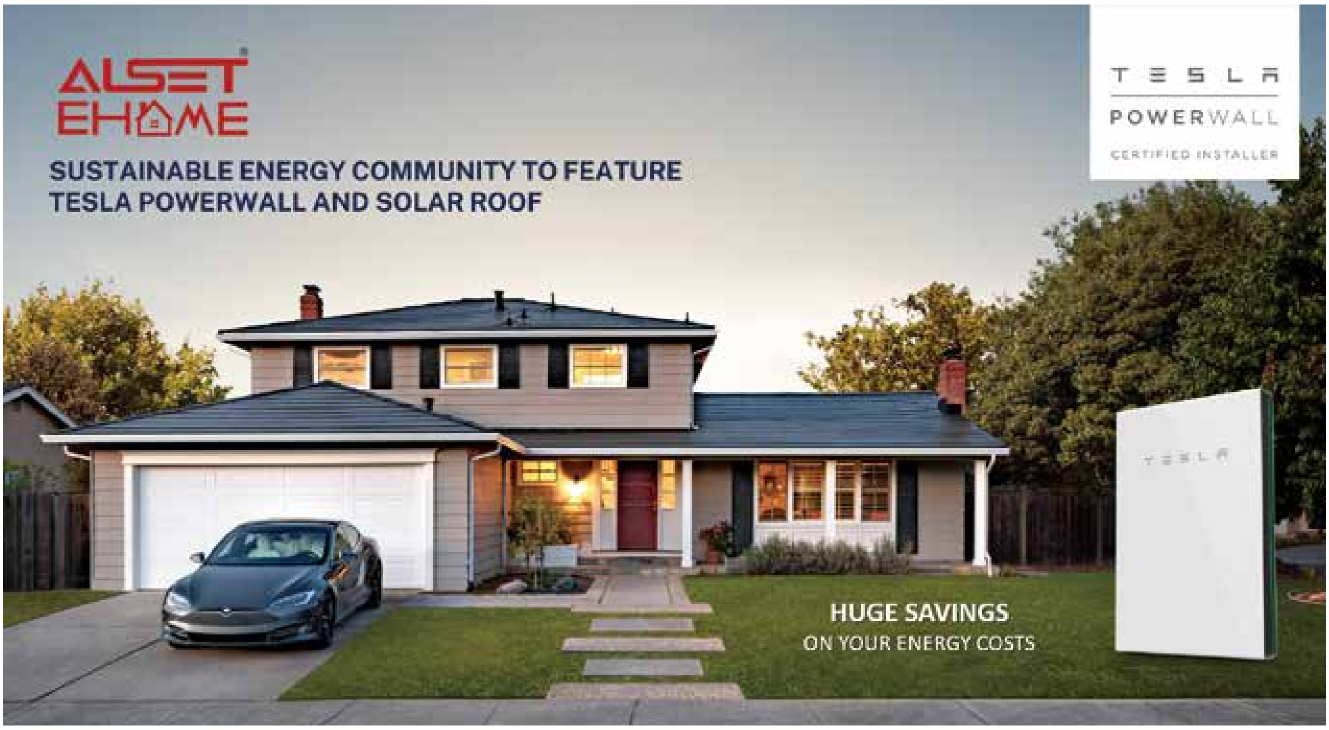
ALSET EHOME COMMUNITY DEVELOPMENT PROJECT – *Alset At Black Oak, Houston*

ALSET EHOME COMMUNITY DEVELOPMENT PROJECT
– Alset At Black Oak, Houston

ALSET AT BLACK OAK



FINANCIAL REVIEW



Alset International Announces Earnings Turnaround with Net Profit Of S$56.1 Million For The Year Ended 31 December 2020 ("FY2020"). The Group's revenue has decreased by S$5.6 million or 18% from S$30.6 million for the year ended 31 December 2019 ("FY2019") to S$25.0 million in FY2020 due to nil revenue generated from the property development project located in Houston, Texas ("Black Oak") and the revenue generated from the property development project located in Frederick County, Maryland USA ("Ballenger Run") decreased to S$21.2 million in FY2020.

Revenue and Gross Profit

Despite the decrease in revenue, gross profit increased by S$0.2 million or 8% from S$2.5 million in FY2019 to S$2.7 million in FY2020 mainly due to the gross profit of S$2.5 million generated from Ballenger Run project.

Other Income

Other income increased to S$1.6 million in FY2020 from S$1.2 million in FY2019 mainly due to increase in fair value gain on derivative asset of S$1.1 million and the decrease in S$0.3 million front foot benefit fees and the decrease in S$0.4 million gain on disposal of subsidiaries.

Expenses

Total administrative expenses increased by S$0.9 million or 19% from S$4.7 million in FY2019 to S$5.6 million in FY2020. This is mainly due to increase in administrative expenses for Korea operation.

Other expenses decreased by S$2.6 million or 30% from S$8.7 million in FY2019 to S$6.1 million in FY2020. In FY2020, other expenses mainly relate to S$0.5 million withholding tax expense, S$0.9 million unrealised foreign exchange loss, S$4.1 million fair value loss of financial assets and S$0.6 million impairment of other receivables.

Finance costs decreased by S$0.5 million or 71% from S$0.7 million in FY2019 to S$0.2 million in FY2020. This is mainly due to the decrease in interest paid to the loan from director.

FINANCIAL REVIEW

Profit from discontinued operation

The profit from discontinued operation mainly due to the gain on disposal of subsidiaries of S$64.4 million.

Bottom Line

Accordingly, the Group reported a net profit attributable to owners of the Company of S$56.3 million in FY2020 compared to net loss of S$13.1 million in FY2019.

Balance Sheet

The Group's non-current assets decreased by S$0.2 million from S$0.8 million as at 31 December 2019 to S$0.6 million as at 31 December 2020 mainly due to the decrease in other investments.

The Group's current assets significantly increased from S$46.6 million as at 31 December 2019 to S$123.6 million as at 31 December 2020. This is mainly due to the increase in investment securities of S$59.4 million, increase in derivative asset of S$1.1 million and increase in cash and cash equivalent of S$18.5 million. This was partially offset by the decrease in properties under development of S$5.2 million following the disposal of 121 lots from the Ballenger Run Project.

Total liabilities decreased from S$22.5 million as at 31 December 2019 to S$13.4 million as at 31 December 2020. This is mainly due to decrease in trade and other payables of S$8.8 million.

As at 31 December 2020, the Group was in a net current assets position of S$111.1 million as compared to S$24.8 million as at 31 December 2019.

Statement of Cash Flows

Net cash generated from operating activities decreased to $2.4 million in FY2020 compared to S$9.2 million in FY2019 mainly due to a decrease in property under development, increase in trade and other receivable and increase in trade and other payables during the year.

The Group generated S$0.6 million net cash generated from investing activities in FY2020 compared to S$0.3 million in FY2019. In FY2020, net cash generated from investment activities mainly due to the proceeds from a partial disposal of a subsidiary of S$0.7 million, proceeds from disposal of other investment of S$0.4 million, offset by the investment in other investment of S$0.1 million, purchase of investment securities of S$0.2 million and net cash outflow of disposal of subsidiaries of S$0.2 million.

Net cash generated from financing activities increased to S$15.7 million in FY2020 compared to S$7.6 million net cash used in financing activities in FY2019. In FY2020, net cash generated from financing activities comprised the proceeds from loans and borrowings of S$0.8 million, S$24.7 million proceeds from issurance of ordinary shares, S$1.7 million advances from directors. These were offset by the repayment to directors of S$8.5 million, S$0.4 million principal element of lease payment, S$0.5 million dividends paid to non-controlling interests, S$1.8 million increase in bank deposit pledged and S$0.2 million interest paid.

The Group's cash and cash equivalents increased from S$3.9 million as at 31 December 2019 to S$22.4 million as at 31 December 2020.

BOARD OF DIRECTORS

MR. CHAN HENG FAI

Executive Director and Group Chief Executive Officer

Mr. Chan Heng Fai was appointed as a Non-Executive Director on 31 May 2013, re-designated as an Executive Director on 1 March 2014 and subsequently appointed as the Chief Executive Officer on 28 April 2014. Mr. Chan Heng Fai was last re-elected to the Board in April 2019.

A banking and finance expert with years of experience, Mr. Chan Heng Fai has restructured over 35 companies in various industries and countries in the past 40 years.

Mr. Chan Heng Fai currently serves as a Non-Executive Director of Australian Securities Exchange ("ASX")-listed bio-technology company, Holista CollTech Limited.

He was the former Managing Chairman and Executive Director of Hong Kong Exchange ("SEHK")-listed Heng Fai Enterprises Limited (now known as ZH International Holdings Ltd), where he had served from 1992 to 2015. Under his directorship, Mr. Chan Heng Fai grew the company's net asset value from HK$40 million in 1994 to about HK$750 million in 2015, when he ceded controlling interest.

Mr. Chan Heng Fai was also the Managing Director of SingHaiyi Group Ltd. Under his leadership, the SGX-ST Catalist-listed company transformed from a fit-out and furnishing business with a net asset value of less than S$10 million into a property investment and development company with a net asset value of more than S$150 million when Mr. Chan Heng Fai ceded controlling interest in late 2012.

He has previously served as Executive Chairman of China Gas Holdings Limited, a failing SEHK-listed fashion retail company, which he restructured to become an industry leader in the investment and operation of China's city gas pipeline infrastructure.

Mr. Chan Heng Fai was previously also a director of Perth-based Skywest Ltd, an ASX-listed airline company; as well as a Director of Global Med Technologies, Inc., a NASDAQ-listed medical company engaged in the development and marketing of information management software products for healthcare-related facilities.

In 1987, Mr. Chan Heng Fai acquired American Pacific Bank, a U.S. full-service commercial bank, and brought it out of bankruptcy. In his role as Chairman and Director, he re-capitalised, refocused and grew the bank's operations. Under his guidance, it became a NASDAQ-listed high asset quality bank with zero loan losses for five consecutive years before it was ultimately bought and merged into Riverview Bancorp Inc. Prior to its acquisition and merger, it was ranked #13 by the Seattle Times "Annual Northwest's Top 100 Public Companies" and #6 in Oregon, U.S., ahead of leading brands such as Nike, Microsoft, Costco, AT&T Wireless and Amazon.com.

DR. LAM LEE G.

Independent Non-Executive Vice Chairman

Dr. Lam Lee G. was appointed as Non-Executive Vice Chairman on 28 November 2017 and was last re-elected to the Board in June 2020, and he was re-designated as an Independent Director and appointed Independent Non-Executive Vice Chairman in July 2020.

Dr. Lam is Chairman of Hong Kong Cyberport and Non-executive Chairman - Greater China and ASEAN Region of Macquarie Infrastructure and Real Assets. He started his career in Canada at Bell-Northern Research (the R&D arm of Nortel) and in Hong Kong at Hong Kong Telecom. He later joined Singapore Technologies Telemedia (then part of Temasek Holdings) and BOC International Holdings (the international investment banking arm of the Bank of China group) where he served as Vice-Chairman and Chief Operating Officer of its investment banking division. Until late 2006, Dr Lam was President and Chief Executive Officer of Chia Tai Enterprises International (now called C.P. Lotus Corporation, then part of CP Group).

Dr. Lam is a Solicitor of the High Court of Hong Kong and holds a BSc in sciences and mathematics, an MSc in systems science and an MBA from the University of Ottawa in Canada, a post-graduate diploma in public administration from Carleton University in Canada, a post-graduate diploma in English and Hong Kong Law and an LLB (Hons) in law from Manchester Metropolitan University in the UK, a LLM in law from the University of Wolverhampton in the UK, a PCLL in law from the City University of Hong Kong, a Certificate in Professional Accountancy from the Chinese University of Hong Kong SCS, and an MPA and a PhD from the University of Hong Kong.

BOARD OF DIRECTORS

MR. CHAN TUNG MOE

Executive Director and Co-Chief Executive Officer

Mr. Chan Tung Moe was appointed as Group Chief Development Officer of Alset International Limited on 11 August 2020 and was appointed as Executive Director of Alset International Limited on 11 December 2020. On 1 March 2021, he was re-designated as Co-Chief Executive Officer of Alset International Limited.

He was previously the Group Chief Development Officer and Executive Director of Singapore Exchange-listed Alset International Limited and was responsible for the Group's international property development business.

He was previously the Group Chief Operating Officer of Hong Kong Exchange-listed ZH International Holdings Ltd (formerly known as Heng Fai Enterprises Ltd), responsible for the company's global business operations consisting of REIT ownership and management, property development, hotels and hospitality, as well as property and securities investment and trading. Prior to that he was Executive Director and Chief of Project Development of Singapore Exchange-listed SingHaiyi Group Ltd, overseeing all of its property development projects.

Mr. Moe Chan has a diverse background and experience in the fields of property, hospitality, investment, technology and consumer finance. He holds a Master's Degree in Business Administration with honours from the University of Western Ontario, a Master's Degree in Electro-Mechanical Engineering with honours and a Bachelor's Degree in Applied Science with honours from the University of British Columbia.

Mr. Moe Chan is the son of Mr. Chan Heng Fai.

MR. LUI WAI LEUNG, ALAN

Executive Director and Chief Financial Officer

Mr. Lui Wai Leung, Alan was appointed as a Chief Financial Officer on 01 November 2016 and subsequently appointed as an Executive Director on 02 July 2020.

Mr. Alan Lui oversaw the Group's financial and management reporting focusing on financing operations and treasury investment. He managed all financial forecasts and planning; and he evaluated new investment opportunities in ad-hoc basis. Mr. Lui was also responsible to develop and recommend overall financial strategy for the Group so as to capture maximum value for its stakeholders. He also took charge of assessing the operating effectiveness and internal control of the Group.

Mr. Lui began his career in a well-known department store as an accountant for three years. Prior to joining SeD, He worked with ZH International Holdings Limited, a Hong Kong listed company, as Financial Controller for the period from 1997 to 2016.

In 1993, he graduated from the Hong Kong Baptist University with a Bachelor Degree in Business Administration (major in Accounting); and he is also a Certified Practising Accountant in Australia.

BOARD OF DIRECTORS

MR. LIM SHENG HON, DANNY

Executive Director, Senior Vice President, Business Development

Mr. Danny Lim Sheng Hon was appointed Executive Director on 02 July 2020.

Mr. Lim also holds the position of Senior Vice President, Business Development. Mr. Lim is involved in front-line work on all aspects of business development works. He does intensive research work on potential M&As and investments in companies. He is responsible for identifying new projects and presents proposal to the Board on appropriate terms of investment or joint venture. Mr. Lim focuses on restructuring efforts and strategic positioning planning and execution for the group.

He graduated from Singapore Nanyang Technological University with a bachelor's degree with Honours in Business, specializing in Banking and Finance.

MR. CHAN KING FAI

Independent & Non-Executive Director

Mr. Chan King Fai, was appointed as an Independent Non-Executive Director on 2 May 2017 and Mr. Chan King Fai was last re-elected to the Board in June 2020.

Mr. Chan is currently an Independent Non-Executive Director of Fire Rock Holdings Limited, which is listed on the GEM Board of the Hong Kong Stock Exchange and was an Independent Non-Executive Director of Heng Fai Enterprises Limited (now named as ZH International Holdings Ltd.) from August 2011 to July 2015, which is listed on the Main Board of the Hong Kong Stock Exchange. Mr. Chan has over 25 years of experience in accounting, taxation and company secretarial services. He is a practising certified public accountant in Hong Kong and is currently a partner of Lau Chan and Company, Certified Public Accountants. Mr. Chan holds a master's degree in business administration from The University of Warwick (the United Kingdom) and a master's degree in accountancy from The Chinese University of Hong Kong (Hong Kong). He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants, an associate member of The Taxation Institute of Hong Kong, an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Institute of Chartered Secretaries and Administrators. Mr. Chan is currently a Certified Tax Adviser in Hong Kong.

MR. TAO YEOH CHI

Independent Non-Executive Director

Mr. Tao Yeoh Chi was appointed as an Independent Non-Executive Director on 27 June 2013. He is currently the lead independent director of the company and a member of the Nominating Committee. Mr. Tao Yeoh Chi was last re-elected to the Board in April 2018.

Mr. Tao Yeoh Chi began his career in the Singapore public service sector, where he held senior positions in various ministries. He later joined a few multinational companies before starting his own business. He was an Independent Director of SGX-listed, Sapphire Corporation Ltd. He is currently a director of STT Communications (Shanghai) Co. Ltd.

Mr. Tao Yeoh Chi holds a Bachelor of Engineering (First Class Honours) and a Bachelor of Arts (Economics) from Newcastle University, Australia.

BOARD OF DIRECTORS

MR. WONG SHUI YEUNG
Independent Non-Executive Director

Mr. Wong Shui Yeung was appointed as Independent Non-Executive Director, Chairman of the Audit & Risk Management Committee and the Remuneration Committee on 5 June 2017. Mr. Wong Shui Yeung was last re-elected to the Board in April 2018.

Mr. Wong is a practising member and fellow of Hong Kong Institute of Certified Public Accountants and a member of Hong Kong Securities and Investment Institute and holds a bachelor's degree in business administration. He has over 20 years' experience in accounting, auditing, corporate finance, corporate investment and development, and company secretarial practice. Mr. Wong has been appointed as an Independent Non-Executive Director of SMI Holdings Group Limited, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited since 13 April 2017.

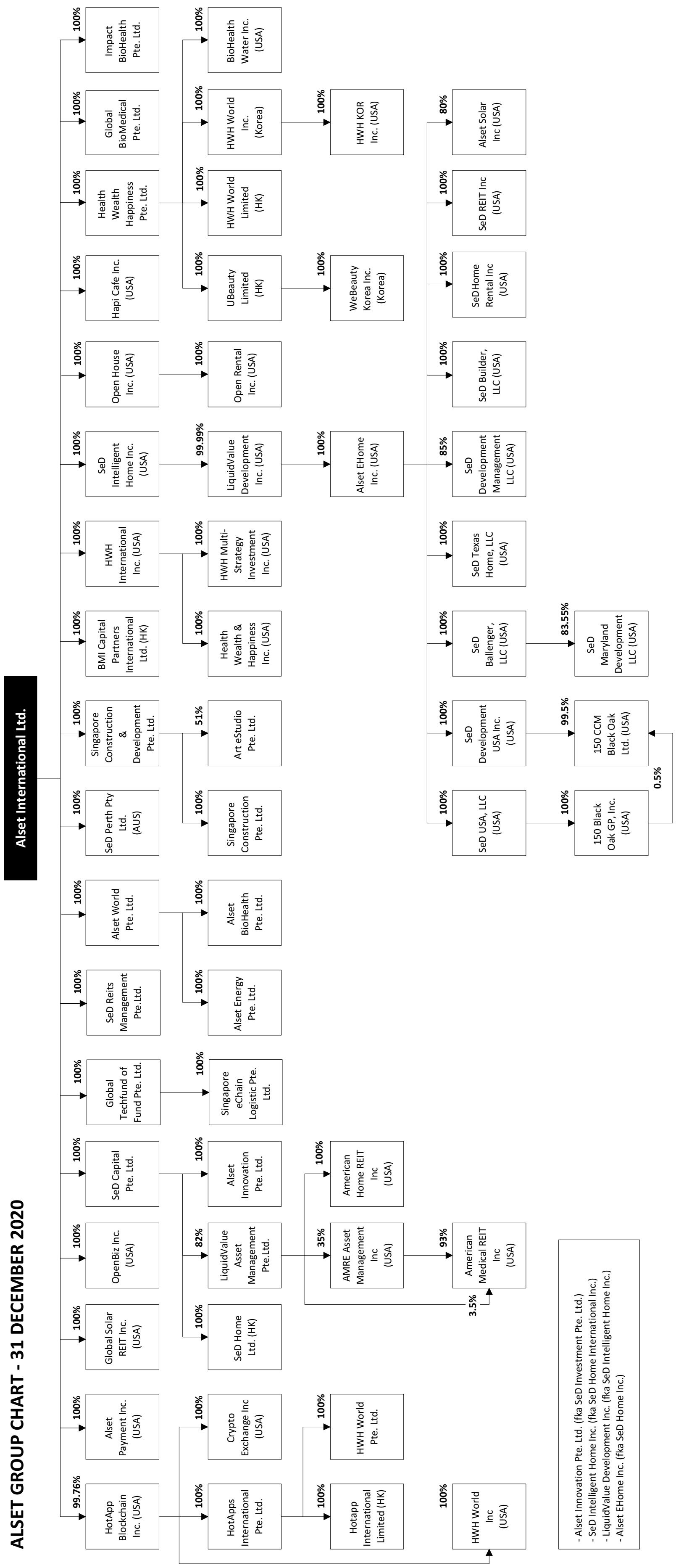
MR. WONG TAT KEUNG
Independent Non-Executive Director

Mr. Wong Tat Keung was appointed as an Independent Non-Executive Director on 27 January 2017. Mr. Wong Tat Keung was last re-elected to the Board in April 2019. He is the Chairman of the Nominating Committee and is a member of both the Audit & Risk Management and Remuneration Committee.

Mr. Wong Tat Keung has over 20 years' experience in audit, accounting, taxation and business advisory. He practised as a Certified Public Accountant and is a Director of Aston Wong CPA Ltd since 2010. Mr. Wong served as the proprietor at Aston Wong & Co from 2006 to 2009.

Mr. Wong Tat Keung is an Independent Director of Lerthai Group Limited and Roma Group Limited. Prior to this, he held independent directorships at Heng Fai Enterprises Limited (listed on SEHK) and SGX-ST Catalist-listed Singhaiyi Group Ltd. Mr. Wong Tat Keung is a Certified Public Accountant, admitted to practise in Hong Kong. He is a Fellow Member of the Association of Chartered Certified Accountants and an Associate Member of the Hong Kong Institute of Certified Public Accountants. He holds a Master of Business Administration (Financial Services) from the University of Greenwich.

GROUP STRUCTURE



CORPORATE GOVERNANCE REPORT

Introduction

The Board of Directors (the "**Board**" or the "**Directors**") and the management ("**Management**") of Alset International Limited (the "**Company**", and together with its subsidiaries, the "**Group**") are strongly committed to achieving high standards of corporate governance which is essential to the stability and sustainability of the Group's performance, protection of interests of shareholders of the Company ("**Shareholders**") and for enhancing long-term Shareholders' value and returns.

This report ("**Corporate Governance Report**") describes the Company's corporate governance practices for the financial year ended 31 December 2020 ("**FY2020**"), with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "**2018 Code**"), certain guidelines of the Code of Corporate Governance 2012 (the "**2012 Code**"), the rules (the "**Catalist Rules**") of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the Practice Guidance issued by the Monetary Authority of Singapore on 6 August 2018 (the "**Guide**").

The Company has adhered to the principles, provisions and/or guidelines as set out in the 2018 Code, the 2012 Code and the Catalist Rules, where applicable. Insofar as any principles, guidelines and/or provisions have not been complied with, appropriate explanations have been provided.

(A) Board Matters

Principle 1: The Board's Conduct of Affairs

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

Principal Duties of the Board

The primary functions of the Board are to protect the interests of Shareholders and enhance long-term Shareholders' value and returns. The Board works with the Management to achieve these and the Management remains accountable to the Board. Provision 1.1

The Directors are aware of their duties at law, which includes acting in good faith, exercising due care, skill and diligence, and discharging their duties and responsibilities at all times as fiduciaries in the best interests of the Company. All Directors must act objectively and exercise independent judgment in making decisions on the recommendations of the Management.

Besides carrying out its statutory and fiduciary duties and responsibilities, the Board's other roles are to:

(a) provide entrepreneurial leadership, set strategic objectives (which includes appropriate focus on value creation, innovation and sustainability), and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(b) establish a sound risk management framework of prudent and effective controls which enables the identification, assessment and management of risks, including the safeguarding of Shareholders' interests and the Company's assets;

(c) constructively challenge the Management and review its performance;

(d) identify key stakeholder groups, recognise that their perceptions affect the Company's reputation and ensure transparency and accountability to key stakeholder groups;

(e) instil an ethical corporate culture and ensure the Company's values and standards (including ethical standards), policies and practices are consistent with the Company's culture;

(f) consider sustainability issues, such as environmental and social factors, as part of its strategic formulation;

(g) approve major investment funding and the annual budget;

(h) approve the nomination of Directors to the Board; and

(i) oversee the business conduct of the company and assume responsibility for corporate governance.

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The Board has put in place a code setting out the Company's ethical conduct and standards for Directors and staff to adhere to. The Board has also set appropriate tone-from-the-top and desired organisational culture, and ensured proper accountability within the Company.

During FY2020, the day-to-day management of the Company's businesses and affairs and the implementation of corporate strategies formulated by the Board have been entrusted to the Management which is led by the Executive Chairman and Chief Executive Officer (the "**CEO**") of the Company, Mr. Chan Heng Fai. On 1 March 2021, Mr. Chan Tung Moe was appointed as Co-CEO and will, together with Mr. Chan Heng Fai, provide leadership to the Management.

The Board has implemented policies, structures and mechanisms to ensure the Company's compliance with legislative and regulatory requirements.

The Board has clear policies and procedures for dealing with conflicts of interest. Directors who face a conflict of interest disclose the issues of conflict and recuse themselves from meetings, discussions and decisions involving the issues of conflict.

Induction, Training and Development of Directors

All Directors understand the Company's business and their directorship duties, as set out in Provision 1.1 of this Corporate Governance Report. Provision 1.2

Upon appointment, newly appointed Directors will be provided with formal letters, setting out their appointment and their roles, duties, obligations and responsibilities, and the expectations of the Company. Newly appointed Directors will be given the necessary guidance and orientation (which may include management presentations) to allow the newly appointed Directors to understand the Group's history, core values, business operations, strategic directions and policies, industry specific knowledge, corporate functions and governance practices. If necessary, on-site visits to the Group's premises and places of operation will be arranged to gain a better understanding of the Group's business. The Company will also, where necessary, provide training for first-time Directors in areas such as accounting, legal and industry specific knowledge as appropriate. Catalist Rule 406(3)(a)

The Company has arrangements in place for newly appointed Directors with no prior experience as a director of a listed company on the SGX-ST to undergo training in the roles and responsibilities of a director of a listed company on the SGX-ST as prescribed by the SGX-ST. If the Nominating Committee is of the view that training is not required because the Director has other relevant experience, the basis of the Nominating Committee's assessment will be disclosed.

Mr. Chan Tung Moe was appointed as an Executive Director with effect from 11 December 2020 and was appointed as Co-CEO of the Company with effect from 1 March 2021. Mr. Lui Wai Leung Alan and Mr. Lim Sheng Hon, Danny were appointed as Executive Directors with effect from 2 July 2020. Mr. Chan Tung Moe has prior experience as a director of a listed company on the SGX-ST and has attended the relevant training in the roles and responsibilities of a director of a listed issuer as prescribed by the SGX-ST on 6 May 2015. As both Mr. Lui Wai Leung Alan and Mr. Lim Sheng Hon, Danny had no prior experience as a director of a listed company on the SGX-ST, the Company had arranged for them to attend the relevant training in the roles and responsibilities of a listed company as prescribed by the SGX-ST on 6 October 2020.

The Company has a policy and criteria for Directors' development and provides Directors with opportunities to develop and maintain their skills and knowledge at the Company's expense.

All Directors are updated regularly concerning any material changes in policies of the Company, risk management, accounting standards, relevant new laws, regulations and changing commercial risks. New releases issued by the SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") which are material and relevant to the Directors are circulated to the Board. The Directors were briefed regularly by the Company's auditors on the material key changes to the Singapore Financial Reporting Standards (International). For FY2020, the CEO, Mr. Chan Heng Fai, also updates the Board at each Board meeting on business and strategic developments pertaining to the Group's business.

The Directors are conscious of the importance of the continuing education in areas such as legal and regulatory responsibilities and accounting issues, and will regularly update and refresh themselves on matters that may materially affect their performance as a Director on the Board, or as a member of a Board Committee, as and when necessary. Continuous and ongoing training programmes are also encouraged, and such training programmes shall be funded by the Company.

The Board and Management of the Company have appropriate experience and expertise to manage the Group's business.

In line with the pre-quotation disclosure requirement, the Company will release a statement via SGXNET or in the prospectus, offering memorandum or introductory document identifying for each Director, whether the person has prior experience as a director of an issuer listed on the SGX-ST, or if he has other relevant experience, and if so, provide details of his directorships and other relevant experience.

CORPORATE GOVERNANCE REPORT

Matters Requiring Board Approval

The Company has in place internal guidelines that document, among others, the matters reserved for the Board's decision and clear directions to Management in writing on matters that must be approved by the Board. Provision 1.3

Material transactions and matters that require the Board's approval include, *inter alia*, the following:

(a) major investment funding;

(b) annual budget;

(c) transactions involving a conflict of interest for a substantial Shareholder or a Director;

(d) material acquisitions and disposal of assets;

(e) corporate or financial restructuring;

(f) issuance of new shares;

(g) proposal and declaration of dividends;

(h) release of the Group's financial results; and

(i) interested person transactions of a material nature.

Board Committees

To assist the Board in the execution of its responsibilities, specialised committees of the Board, namely, the Audit and Risk Management Committee ("**ARMC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**") (collectively, the "**Board Committees**") have been established and delegated certain functions. If and when the Board delegates the authority (without abdicating responsibility) to make decisions to a Board Committee, such delegation is disclosed. Provision 1.4 Catalist Rule 406(3)(e)

The ARMC, the NC and the RC operate within clearly defined written terms of reference and operating procedures, which set out their compositions, authorities and duties. These terms of reference and operating procedures are reviewed on a regular basis.

The names of each Board Committee member, the terms of reference, any delegation of the Board's authority to make decisions and a summary of each Board Committee's activities are set out below in this Corporate Governance Report:

(a) Nominating Committee (Principle 4);
(b) Remuneration Committee (Principle 6); and
(c) Audit and Risk Management Committee (Principle 10).

Board Meetings

The Board meets as often as may be necessary within each financial year, to oversee the business affairs of the Group, and to approve any financial or business objectives and strategies if applicable. The schedule of all regular Board and Board Committees meetings as well as the Annual General Meeting ("**AGM**") for each financial year are planned in advance. Provision 1.5

Ad-hoc Board or Board Committees meetings are convened as and when deemed necessary. The ARMC is also encouraged to communicate amongst themselves with the Company's auditors and Chief Financial Officer ("**CFO**") directly.

At the meetings of the Board and Board Committees, the Directors actively participate and are free to discuss and openly challenge the views presented by the Management and the other Directors. The decision-making process is an objective one.

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The Company's Constitution provides for Board or Board Committees meetings to be conducted by means of telephone-conference, video-conference, audio visual or other electronic means of communication.

The number of the Board meetings and Board Committee meetings held in FY2020 and the attendance of the Directors at these meetings for FY2020 are set out below:

			Board Committees					
	Board Meetings		Audit & Risk Management Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings	
Name of Director	Held*	Attended	Held*	Attended	Held*	Attended	Held*	Attended
Chan Heng Fai	2	2	N/A	N/A	1	1	N/A	N/A
Chan King Fai	2	2	3	3	1	1	1	1
Tao Yeoh Chi	2	2	N/A	N/A	1	1	N/A	N/A
Wong Tat Keung	2	2	3	3	1	1	1	1
Wong Shui Yeung	2	2	3	3	N/A	N/A	1	1
Lam Lee G.	2	1	N/A	N/A	N/A	N/A	N/A	N/A
Lui Wai Leung Alan(1)	1	1	N/A	N/A	N/A	N/A	N/A	N/A
Lim Sheng Hon, Danny(2)	1	1	N/A	N/A	N/A	N/A	N/A	N/A
Chan Tung Moe(3)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Number of meetings held during his appointment as a Director of the Company.

Notes:

(1) Mr. Lui Wai Leung Alan was appointed as an Executive Director with effect from 2 July 2020.

(2) Mr. Lim Sheng Hon, Danny was appointed as an Executive Director with effect from 2 July 2020.

(3) Mr. Chan Tung Moe was appointed as an Executive Director with effect from 11 December 2020.

Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of the Company in order to fulfil their responsibilities and duties to the Company and its Shareholders.

Directors' Access to Information

The Management recognises that the flow of complete, adequate and timely information on an ongoing basis to the Board is essential to the Board's effective and efficient discharge of its duties. As such, the Management provides the Directors with complete, adequate and timely information, including management accounts that keep the Board informed of the Group's performance, position and prospects on a half-yearly basis, and as and when necessary. These management accounts consist of the consolidated profit and loss accounts, analysis of sales, operating profit, pre-tax and attributable profit with variance analysis. Provision 1.6

The Management has taken a pro-active approach of informing the Directors on a timely basis of important corporate actions to be taken by the Company and events that will affect the Company, even if such developments may not require the approval of the Board. This enables the Directors to be fully cognisant of the decisions and actions of the Management, to make informed decisions and discharge their duties and responsibilities.

Detailed Board papers are prepared for each Board or Board Committee meeting. The Board papers include sufficient information from the Management on financial, business and corporate issues and are normally circulated in advance before each Board or Board Committee meeting. In respect of budgets, any material variance between the projections and actual results should also be disclosed and explained. This enables the Directors to request for and obtain further explanations, where necessary, in order to be briefed before the Board or Board Committee meeting.

Directors make all necessary enquiries and request from Management additional information as may be required to make informed decisions and effectively discharge their responsibility as Directors.

The Directors, in furtherance of their duties, are allowed to seek and obtain legal and other independent professional advice, if necessary, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfil their roles and responsibilities as Directors.

CORPORATE GOVERNANCE REPORT

Access to the Management and Company Secretary

The Directors have separate and independent access to the Management and the Company Secretary. Provision 1.7

The appointment and removal of the Company Secretary is a matter for the Board to decide as a whole. The Company Secretary (or his or her representative) administers, attends and prepares minutes of all the Board and Board Committees meetings and assists the Chairman of the Board and/or the Board Committees in ensuring proper procedures at such meetings are followed and reviewed so that the Board and the Board Committees function effectively.

The members of the Board may seek the advice of independent professional advisers, the cost of which will be borne by the Company.

Principle 2: Board Composition and Guidance

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.

Members of the Board of Directors

As at the date of this Corporate Governance Report, the Board comprises four (4) Executive Directors and five (5) Independent Non-Executive Directors. Details of each Director are set out below as required under Rule 1204(10B) of the Catalist Rules: Catalist Rule 1204 (10B)

Name of Director	Designation	Date of First Appointment	Date of Last Re-Election	ARMC	NC	RC
Chan Heng Fai	Executive Chairman and CEO	31 May 2013	23 April 2019	–	Member	–
Lam Lee G.	Independent Non-Executive Director and Vice Chairman	28 November 2017	26 June 2020[(1)]	–	–	–
Chan Tung Moe	Executive Director and Co-CEO	11 December 2020	N/A	–	–	–
Chan King Fai	Independent Non-Executive Director	2 May 2017	26 June 2020	Member	Member	Member
Tao Yeoh Chi	Lead Independent Non-Executive Director	27 June 2013	30 April 2018	–	Member	–
Wong Shui Yeung	Independent Non-Executive Director	5 June 2017	30 April 2018	Chairman	–	Chairman
Wong Tat Keung	Independent Non-Executive Director	27 January 2017	23 April 2019	Member	Chairman	Member
Lui Wai Leung Alan	Executive Director and CFO	2 July 2020	N/A	–	–	–
Lim Sheng Hon, Danny	Executive Director	2 July 2020	N/A	–	–	–

Note:

(1) Dr Lam Lee G.'s re-appointment was ratified at an extraordinary general meeting of the Company held on 9 September 2020. Please refer to the Company's circular dated 18 August 2020 for further details on the ratification of the re-appointment of Dr Lam Lee G.

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The Board has at least two (2) Non-Executive Directors who are independent and free of any material business or financial connection with the Company. Catalist Rule 406(3)(c)

The Board comprises four Executive Directors and five Independent Non-Executive Directors. Accordingly, the Independent Non-Executive Directors make up a majority of the Board in FY2020. Provision 2.2

Presently, there is a strong and independent element on the Board, capable of exercising objective judgement on corporate affairs of the Company. No individual or small group of individuals dominates the Board's decision making. The Independent Non-Executive Directors chair all Board Committees. Provision 2.3

Guideline 2.1 of the 2012 Code[1]

The Independent Non-Executive Directors provide independent judgment on the corporate affairs of the Group as well as diverse and objective perspectives to enable balanced and well-considered decisions to be made. In particular, the Independent Non-Executive Directors constructively challenge and help develop proposals on the Group's strategic and business plans, review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance.

Independence of Directors

The NC reviews and determines the independence of each Director annually in accordance with the definitions of independence under the 2018 Code and the Catalist Rules. Provision 2.1

Each Director is required to complete a Director's independence checklist on an annual basis to confirm his/ her independence. The Director's independence checklist is drawn up based on the provisions provided in the 2018 Code and the Catalist Rules and requires each Director to assess whether he considers himself independent despite not being involved in any of the relationships identified in the 2018 Code and the Catalist Rules. The NC then reviews the Director's independence checklist to determine whether each Director is independent. Catalist Rule 406(3)(d)

Guideline 2.4 of the 2012 Code[2]

In accordance with Provision 2.1 of the 2018 Code, the NC considers an independent director as one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the Company.

In determining Directors' independence, the Board further considered Rules 406(3)(d)(i) and (ii) of the Catalist Rules. Pursuant thereto, the Board considered an Independent Director as one who is not or has not been employed by the Company or any of its related corporations for the current financial year or any of the past three (3) financial years. An Independent Director would also not have an immediate family member who is employed or has been employed by the Company or any of its related corporations in the current financial year or for any of the past three (3) financial years, and whose remuneration is determined by the RC of the Company.

For FY2020, the Independent Non-Executive Directors have declared their independence in accordance with the provisions of the 2018 Code and the Catalist Rules. The Independent Non-Executive Directors have also confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

1 Rule 406(3)(c) of the Catalist Rules requires independent directors to make up at least one-third of the Board. This rule will come into effect on 1 January 2022. Prior to 1 January 2022, the corresponding Guideline 2.1 of the 2012 Code will continue to apply. Guideline 2.1 of the 2012 Code states that there should be a strong and independent element on the Board, with independent directors making up at least one-third of the Board.

2 Prior to Rule 406(3)(d)(iii) of the Catalist Rules coming into effect on 1 January 2022, Guideline 2.4 of the 2012 Code will continue to apply. Guideline 2.4 of the 2012 Code states that the independence of any director who has served on the Board beyond nine years from the date of his first appointment should be subject to particularly rigorous review. In doing so, the Board should also take into account the need for progressive refreshing of the Board. The Board should also explain why any such director should be considered independent.

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The Board and the NC have also considered the new Rule 406(3)(d)(iii) of the Catalist Rules which comes into effect on 1 January 2022. Pursuant to Rule 406(3)(d)(iii) of the Catalist Rules, the continued appointment of an individual as an independent director after he has been a director for an aggregate period of more than nine (9) years (whether before or after listing) is subject to approval in separate resolutions by (A) all shareholders; and (B) shareholders, excluding the directors, chief executive officer, and their associates. For the purpose of the resolution referred to in (B), the directors and the chief executive officer of the Company, and their respective associates, shall not accept appointment as proxies unless specific instructions as to voting are given.

At the date of this Corporate Governance Report, while none of the current Independent Directors have served on the Board beyond nine (9) years from the date of his first appointment, Mr. Tao Yeoh Chi's will have served on the Board for an aggregate period of more than nine (9) years on 27 June 2022, as he was first appointed to the Board on 27 June 2013. Given the unpredictability of the Covid-19 pandemic, the Company is cognisant that there is no assurance that the next AGM will be convened before 27 June 2022 to table the resolutions for Mr. Tao Yeoh Chi's continued appointment as an Independent Director. In view of the foregoing, the Company will be tabling the resolutions for the continued appointment of Mr. Tao Yeoh Chi as an Independent Director for approval at the forthcoming AGM and such resolutions may remain in force until the earlier of the following: (X) the retirement or resignation of Mr. Tao Yeoh Chi; or (Y) the conclusion of the third AGM following the passing of such resolutions.

As a whole, the Board, with the recommendation and concurrence of the NC, has reviewed and determined that the Independent Non-Executive Directors, namely Dr Lam Lee G., Mr. Chan King Fai, Mr. Tao Yeoh Chi, Mr. Wong Shui Yeung and Mr. Wong Tat Keung are independent in accordance with the 2018 Code and the Catalist Rules and are able to exercise independent judgement.

Evaluation of Board Size and Composition

The NC is responsible for examining the size and composition of the Board and Board Committees. Having considered the scope and nature of the Group's business and the requirements of the business in the financial year under review, the NC is of the view that the Board and Board Committees are of an appropriate size, and comprise Directors who have the appropriate balance and mix of expertise, skills, experience and attributes to oversee the Company's business. Provision 2.4

Collectively, the Board has competencies in areas which are relevant and valuable to the Group, such as accounting, legal, corporate finance, business development, management, sales and strategic planning. In particular, our CEO and Executive Chairman has many years of experience in the property development sector and the investment business sector that we operate in.

For FY2020, the Board is of the view that the current board size of nine (9) Directors is sufficient and adequate for effective decision-making, taking into account the scope and nature of the operations of the Company, the requirements of the business, and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees.

As the Company is continually charting its growth strategy, the NC will continuously review the composition and size of the Board on an annual basis to ensure that it will have the necessary competencies for effective decision making. When the need arises to identify suitable Director nominees, the NC will consider diversity in gender, in addition to skills, experience and knowledge, as a relevant factor in selection and nomination.

Board Diversity Policy

The Board's policy in identifying director nominees is primarily to have an appropriate balance and mix of members with complementary skills, knowledge, experience and core competencies for the Company. The Board also has regard to other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate.

The Company recognises that a diverse Board will enhance the decision-making process by utilising the variety in skills, industry and business experiences, gender and other distinguishing qualities of the members of the Board. As such, the Board will take into consideration the skill sets and experience, including gender diversity, for any future Board appointments. Having said that, gender is but one aspect of diversity and new Directors will continue to be selected based on objective criteria set as part of the process for appointment of new Directors and Board succession planning.

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The current Board composition provides a diversity of skills, experience and knowledge to the Company as follows:

Core Competencies	Number of Directors	Proportion of Board
Accounting or finance	4	45%
Legal or corporate governance	2	22%
Strategic planning experience	3	33%

The NC will review the relevant objectives for promoting and achieving diversity on the Board, the progress made, and make recommendations for approval by the Board. The NC will review this policy from time to time as appropriate and the progress made.

The NC will, in reviewing and assessing the composition of the Board and recommending the appointment of new directors to the Board, consider candidates on merit against the objective criteria set and with due regards for the benefits of diversity on the Board.

To facilitate a more effective check on the Management, the Independent Non-Executive Directors, led by the Lead Independent Director, have on some occasions met without the presence of the Management in FY2020 to review any matters that they wish to raise privately, constructively challenge and help develop proposals on company strategy, review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance. After the conclusion of the meeting, the Lead Independent Director provides feedback to the Board as appropriate. Provision 2.5

Principle 3: Chairman and Chief Executive Officer

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.

Mr. Chan Heng Fai is both the Executive Chairman and the CEO of the Company. Provision 3.1

Although the Executive Chairman and the CEO of the Company are the same person, the Board is able to exercise its power objectively and independently from the Management.

Independent Non-Executive Directors make up more than half the Board. No individual or small group of individuals dominates the Board's decision-making process. The CEO and senior Management regularly consult with individual Directors of the Board and seek the advice of members of the Board Committees through meetings, telephone calls as well as by electronic mail.

To ensure an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making, the Company has appointed Mr. Tao Yeoh Chi as the Lead Independent Director of the Company.

Responsibilities of the Executive Chairman

The Executive Chairman is responsible for leading the Board and ensuring that the Board acts in the best interests of the Company and its Shareholders. Provision 3.2

The Chairman's responsibilities include:

(a) leading the Board to ensure its effectiveness on all aspects of its role;

(b) scheduling meetings, setting the agenda and ensuring that adequate time is provided for all agenda items, in particular strategic issues to enable the Board to perform its duties responsibly while not interfering with the follow of the Company's operations;

(c) promoting a culture of openness and debate at the Board;

(d) ensuring that the Directors receive complete, adequate, accurate, timely and clear information and that discussions at the Board level are conducted objectively and professionally where all views are heard and key issues are debated in a fair and open manner;

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(e) exercising control over the quality, quantity and timeliness of the flow of information between the Board and the Management and facilitating the relationship between the Board, and the Management, engaging them in constructive discussions over various matters, including strategic issues and business planning processes;

(f) facilitating the effective contribution of all Directors, in particular the Independent Non-Executive Directors;

(g) encouraging appropriate and constructive relations between the Executive Directors and the Independent Non-Executive Directors, as well as ensuring effective communication with Shareholders; and

(h) promoting high standards of corporate governance.

In addition, the Chairman is the face of the Board and ensures effective communication between Shareholders and other stakeholders of the Company. The Chairman ensures appropriate relations within the Board and between the Board and Management.

Responsibilities of the CEO

As the CEO of the Company, Mr. Chan Heng Fai is accountable to the Board for the conduct and performance of the Group. He has been delegated authority to make decisions within certain financial limits authorised by the Board.

Lead Independent Director

The Board has appointed Mr. Tao Yeoh Chi as the Lead Independent Director to provide leadership where the Chairman is conflicted. Provision 3.3

Mr. Tao Yeoh Chi is available to Shareholders where they have concerns for which contact through the normal channels of communication with the Executive Chairman and Management are inappropriate or inadequate.

In addition, Mr. Tao Yeoh Chi facilitates communication within the Board and between the Board and Shareholders where necessary. Mr. Tao Yeoh Chi's roles include providing a channel to Independent Non-Executive Directors for confidential discussions on any concerns and to resolve conflicts of interest as and when necessary.

Principle 4: Board Membership

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.

NC's Key Terms of Reference

The NC is guided by a set of written terms of reference, and its principal responsibilities as set out in its' key terms of reference include the following: Provision 4.1

(a) reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to the Board for the appointment and re-appointment of Directors; Catalist Rule 406(3)(e)

(b) establishing and reviewing the terms of reference for the NC annually;

(c) nominating Directors for re-election in accordance with the Company's Constitution at each AGM;

(d) determining annually, and as and when circumstances require, the independence of Directors;

(e) recommending and reviewing board succession plans for Directors, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel;

(f) reviewing the training and professional development programs for the Board and its Directors;

(g) reviewing and making recommendations to the Board on the appointment and re-appointment of Directors (including alternate directors, if any);

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(h) developing and implementing a process and objective criteria for evaluation of the performance of the Board, its Board Committees and Directors; and

(i) evaluating the Board's effectiveness as a whole and each Director's contribution to its effectiveness in accordance with the assessment process and performance criteria adopted.

The NC will, at least once every year, review and thereafter, make recommendations to the Board regarding the Board structure, size, composition and core competencies.

Composition of NC

As at the date of this Corporate Governance Report, the NC comprises of three (3) Independent Non-Executive Directors and one (1) Executive Director: Provision 4.2

Mr. Wong Tat Keung (Chairman)	Independent Non-Executive Director
Mr. Tao Yeoh Chi (Member)	Lead Independent Non-Executive Director
Mr. Chan King Fai (Member)	Independent Non-Executive Director
Mr. Chan Heng Fai (Member)	Executive Director

Re-appointment of Directors

Pursuant to Regulation 89 of the Company's Constitution, at each AGM, at least one-third of the Directors for the time being are required to retire from office by rotation, provided always that all Directors are required to retire at least once in three (3) years. Further, Rule 720(4) of the Catalist Rules prescribes that all Directors are required to submit themselves for re-nomination and re-appointment at least once every three (3) years. Catalist Rules 720(4) & (5)

The Directors who are retiring pursuant to Regulation 89 of the Company's Constitution are:

(i) Mr. Tao Yeoh Chi; and

(ii) Mr. Wong Shui Yeung.

Pursuant to Regulation 88 of the Company's Constitution, the Company may by ordinary resolution appoint any person to be a Director either to fill a casual vacancy or as an additional Director, and any person so appointed shall hold office only until the next AGM and shall then be eligible for re-election.

The Directors who are retiring pursuant to Regulation 88 of the Company's Constitution are:

(i) Mr. Lui Wai Leung Alan;

(ii) Mr. Lim Sheng Hon, Danny; and

(iii) Mr. Chan Tung Moe.

The NC has recommended to the Board that each of Mr. Tao Yeoh Chi, Mr. Wong Shui Yeung, Mr. Lui Wai Leung Alan, Mr. Lim Sheng Hon, Danny and Mr. Chan Tung Moe be nominated for re-election at the forthcoming AGM.

Each of Mr. Tao Yeoh Chi, Mr. Wong Shui Yeung, Mr. Lui Wai Leung Alan, Mr. Lim Sheng Hon, Danny and Mr. Chan Tung Moe have given their consent to remain in office and will submit themselves for re-election at the forthcoming AGM.

Mr. Tao Yeoh Chi will, upon re-election as a Director of the Company, will remain as the Lead Independent Non-Executive Director and a member of the NC. Mr. Tao Yeoh Chi does not have any relationships including immediate family relationships between himself and the Directors, the Company and its substantial Shareholders.

Mr. Wong Shui Yeung will, upon re-election as a Director of the Company, remain as an Independent Non-Executive Director and the Chairman of the ARMC and RC. Mr. Wong Shui Yeung is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Mr. Wong Shui Yeung does not have any relationships including immediate family members between himself and the Directors, the Company and its substantial Shareholders.

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Mr. Chan Tung Moe will, upon re-election as a Director of the Company, remain as an Executive Director and Co-CEO of the Company. Mr. Lui Wai Leung Alan and Mr. Lim Sheng Hong, Danny will, upon re-election as Directors of the Company, remain as Executive Directors.

Mr. Tao Yeoh Chi, being a member of the NC who is retiring at the AGM, abstained from voting on the resolution in respect of his re-nomination as a Director of the Company.

Pursuant to Rule 720(5) of the Catalist Rules, additional information on the Directors seeking re-election is set out in the section titled "Additional Information on Directors Seeking Election/Re-Election" in this Annual Report.

Selection, Appointment and Re-appointment Process

The NC's process for the selection, appointment and re-appointment of Directors takes into consideration the composition and progressive renewal of the Board, as well as each Director's competencies, commitment and contribution and performance, including his performance as an Independent Director if applicable. Provision 4.3

The process for the selection, appointment of Directors to the Board, including the search and nomination process, which is led by the NC, is as follows:

(a) evaluating the balance of skills, knowledge and experience of the Board and, in the light of such evaluation and in consultation with the Management, preparing a description of the role and the essential and desirable competencies for a particular appointment;

(b) where necessary, external help may be used to source for potential candidates. The Board and the Management may also make suggestions;

(c) meeting with short-listed candidates to assess their suitability and to ensure that the candidates are aware of the expectations and the level of commitment required; and

(d) make recommendations to the Board for approval.

In selecting and appointing potential Directors, the NC will seek out and source for a wide range of suitable candidates including persons not directly known to the Directors. In addition, the NC is empowered to engage professional search firms to seek out and source for suitable candidates, at the Company's expense. The NC gives due consideration to all suitable candidates regardless of who identified the candidate. The NC will interview all suitable candidates in frank and detailed meetings, and thereafter review and evaluate the candidates, taking into account the candidate's track record, experience, capabilities and other relevant factors, and make its recommendations to the Board on all candidates nominated for appointment to the Board for approval. New Directors are appointed by way of a Board resolution following which they are subject to re-election at the next AGM.

In nominating Directors for re-appointment, the NC assesses and recommends to the Board whether the retiring Directors are suitable for re-election, taking into consideration the range of expertise, skills and attributes of the Board and its composition. The NC also considers each Director's competencies, commitment, contribution and performance which include the attendance, level of preparedness, participation and candour of such Directors although nomination for re-election or replacement does not necessarily reflect the Directors' performance, commitments or contributions to the Board.

The NC is of the view that the current Board size is adequate for effective decision-making and meets the current needs of the Company, taking into account the nature and the scope of the Company's operations in respect of FY2020.

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The NC reviews and affirms the independence of the Company's Independence Directors annually in accordance with the 2018 Code and Catalist Rules. Provision 4.4

The Independent Non-Executive Directors have confirmed that they do not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement in the best interests of the Company.

Further details are set out in Provision 2.1 of this Corporate Governance Report.

In addition, as disclosed under Provision 2.1 of this Corporate Governance Report, pursuant to Rule 406(3)(d)(iii) of the Catalist Rules which takes effect on 1 January 2022, the Company will be seeking the approvals of (A) all shareholders and (B) shareholders excluding Directors, the CEO and their associates, in separate resolutions at the Company's upcoming AGM for the continued appointment of Mr. Tao Yeoh Chi as the Lead Independent Non-Executive Director.

The NC ensures that new directors are aware of their duties and obligations. Further details on the new Directors' induction into the Board, briefing on their duties and the receipt of mandatory training as prescribed by the SGX-ST are set out in Provision 1.2 of this Corporate Governance Report. Provision 4.5

In evaluating the Directors' performance for the financial year, the NC takes into account the attendance of the Directors at Board or Board Committee meetings, results of the assessment of the effectiveness of the Board as a whole, Board Committees, and the respective Directors' actual conduct on the Board and its Board Committees.

The NC and the Board were satisfied that in FY2020, all the Directors gave sufficient time and attention to the affairs of the Company, and had adequately carried out their duties as Directors notwithstanding their multiple board representations (where applicable) and other principal commitments.

Multiple Directorships

The NC does not prescribe a fixed number of listed company directorships outside of the Group for each Director, as it believes that any maximum number established is unlikely to be representative of the participation, commitment and skills and expertise that a Director may contribute to the Board, and his or her overall effectiveness.

The Board and the NC determine annually the number of directorships and principal commitments of each Director in assessing whether he is able to or has been adequately carrying out his duties. All Directors are required to declare their board representations in other companies by completing a declaration form disclosing the required information.

The NC determines annually whether each Director with multiple board representations or other principal commitments outside of the Group is able to and has been adequately carrying out his or her duties as a Director of the Company.

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As at the date of this Corporate Governance Report, key information regarding the Directors' profiles, including directorships or chairmanships both present and those held over the preceding five (5) years in other listed companies, and other principal commitments, are set out below:

Name of Director	Date of appointment of Directorships or Chairmanships in the Company	Directorships or Chairmanships in other listed companies and other principle commitments	
		Present	**Past 5 years**
Chan Heng Fai	Appointed as Non-Executive Director on 31 May 2014 Re-designated as Executive Director on 1 March 2014 Appointed as CEO on 28 April 2014 Appointed as Executive Chairman on 5 June 2017	Document Security Systems, Inc. Holista CollTech Limited OptimumBank Holdings, Inc. Sharing Services Global Corporation Alset EHome International Inc.	Heng Fai Enterprises Limited RSI International Systems, Inc.
Tao Yeoh Chi	Appointed as Independent Non-Executive Director on 27 June 2013	Eratat Lifestyle Limited	Sapphire Corporation Ltd.
Wong Tat Keung	Appointed as Independent Non-Executive Director on 27 January 2017	–	Heng Fai Enterprises Limited ROMA Group Limited Lerthai Group Limited
Chan King Fai	Appointed as Independent Non-Executive Director on 2 May 2017	Fire Rock Holdings Limited	Heng Fai Enterprises Limited
Wong Shui Yeung	Appointed as Independent Non-Executive Director on 5 June 2017	–	Lerthai Group Limited SMI Holdings Group Limited SMI Culture & Travel Group Holdings Limited

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Name of Director	Date of appointment of Directorships or Chairmanships in the Company	Directorships or Chairmanships in other listed companies and other principle commitments	
		Present	Past 5 years
Lam Lee G.	Appointed as Non-Executive Vice Chairman on 28 November 2017 Re-designated as Independent Non-Executive Vice Chairman on 2 July 2020	Jade Road Investments Ltd (fka: Adamas Finance Asia Limited) AustChina Holdings Limited China LNG Group Limited Asia-Pacific Strategic Investments Limited (fka: China Real Estate Group Limited) CSI Properties Limited Elife Holdings Limited Greenland Hong Kong Holdings Limited Haitong Securities Company Limited Hang Pin Living Technology Company Limited Beverly JCG Limited (fka: JCG Investment Holdings Ltd.) Kidsland International Holdings Limited Mei Ah Entertainment Group Limited Mingfa Group (International) Company Limited National Arts Entertainment and Culture Group Ltd. Sunwah International Limited Sunwah Kingsway Capital Holdings Limited Thomson Medical Group Limited Tianda Pharmaceutical Limited TMS Life Sciences Berhad Top Global Limited Vongroup Limited	Aurum Pacific (China) Group Limited Huarong Investment Stock Corporation Limited China Shandong Hi-Speed Financial Group Limited Hsin Chong Group Holdings Limited Glorious Sun Enterprises Limited Green Leader Holdings Group Limited Xi'an Haitiantian Holdings Company Limited Rowsley Limited Vietnam Equity Holding Roma Group Limited Imagi International Holdings Limited UDL Holdings Limited Heng Fai Enterprises Limited Mingyuan Medicare Development Company Limited Ruifeng Petroleum Chemical Holdings Ltd
Lui Wai Leung Alan	Appointed as CFO on 1 November 2016 Appointed as Executive Director on 2 July 2020	AMRE Asset Management Inc. BMI Capital Partners International Ltd HWH World Inc. LiquidValue Asset Management Pte. Ltd. WeBeauty Korea Inc. UBeauty Limited	Guangzhou Heng Hui Real Estate Consulting Ltd. HotApps Information Technology Co Ltd

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Name of Director	Date of appointment of Directorships or Chairmanships in the Company	Directorships or Chairmanships in other listed companies and other principle commitments	
		Present	Past 5 years
Lim Sheng Hon, Danny	Appointed as Executive Director on 2 July 2020	DSS Cyber Security Pte. Ltd. Health Wealth Happiness Pte. Ltd. HWH World Inc. HWH World Pte. Ltd. LiquidValue Development Pte. Ltd. RBC Life Pte. Ltd. RBC Life Malaysia Sdn. Bhd. SG Smartfilms Pte. Ltd. WeBeauty Korea Inc.	VeganBurg International Pte. Ltd.
Chan Tung Moe	Appointed as Group Chief Development Officer on 11 August 2020 Appointed as Executive Director on 11 December 2020 Appointed as Co-CEO on 1 March 2021	SeD Development Management, LLC SeD Maryland Development, LLC 150 Black Oak GP, Inc. Alset EHome Inc. (f.k.a. Alset iHome Inc.) American Medical REIT Inc. AMRE Asset Management Inc. Ballenger Run HomeOwners Association Inc. Document Security Systems, Inc. Global Solar REIT Inc. LiquidValue Development Inc. (f.k.a. SeD Intelligent Home Inc.) OpenBiz Inc. Pop Motion Consulting Pte. Ltd. SeD Development USA Inc. SeD Intelligent Home Inc. (f.k.a. SeD Home International, Inc.)	American Asian Cancer Center Limited Galen Life Japan Limited RSI International Systems Inc. Alset International Limited Guangzhou CloudCom Information Technology Ltd Guangzhou CloudTel Information Technology Ltd Guangzhou Heng Hui Real Estate Consulting Ltd HotApps Information Technology Co Ltd

Although Dr. Lam Lee G. holds a significant number of listed company directorships and commitments, the NC and the Board are of the view that Dr. Lam Lee G. is able to diligently discharge his duties as a Director of the Company. The NC and the Board assessed Dr Lam Lee G.'s performance during the period of his directorship with the Company and found that Dr. Lam Lee G. has actively participated in the Board meetings held by the Company and therefore the time Dr Lam Lee G. committed for his duties as a Director is sufficient. The background, experience and qualifications of Dr. Lam Lee G. also indicate that he is able to make the substantial time commitment required to fulfil his responsibilities and duties to the Company and its Shareholders. Accordingly, the NC and the Board have reasonable grounds to be confident that Dr. Lam Lee G. will continue to be able to devote sufficient time and effort to the affairs of the Company as an Independent Non-Executive Director of the Company.

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Principle 5: Board Performance

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

The NC has recommended and implemented a formal Board evaluation process to be carried out annually to assess the effectiveness of the Board as a whole and its Board Committees, namely, the ARMC, the NC and the RC, and the contribution by the Chairman and each individual Director to the effectiveness of the Board. The Board evaluation considers the Board's composition (balance of skills, experience, independence, knowledge of the Company and diversity), Board practices and conduct, and how the Board as a whole adds value to the Company. Provision 5.1

The NC also recommends for the Board's approval the objective performance criteria and process for the abovementioned evaluation to identify areas for improvement and to implement appropriate action.

The areas of assessment under the Board evaluation process are set out below:

(a) Board's conduct of meetings;

(b) Board's review of corporate strategy and planning;

(c) risk management and internal controls;

(d) whistle-blowing matters;

(e) measuring and monitoring performance;

(f) recruitment and evaluation;

(g) compensation for Board and key executives;

(h) succession planning;

(i) financial reporting; and

(j) communication with Shareholders.

These objective performance criteria are approved by the Board, and address how the Board has enhanced long-term Shareholder value. The areas of assessment under the Board evaluation process do not change unless circumstances deem it necessary. If so, the decision to change the areas of assessment would be justified by the Board and the NC.

Evaluation of Board Performance

The NC has reviewed and assessed the effectiveness of the Board based on the objective performance criteria approved by the Board, as detailed above. Provision 5.2

During the financial year, Directors were requested to complete self-assessment checklists based on the above areas of assessment to assess their views on various aspects of the Board's and Board Committees' performance, such as composition, information, process and accountability and the overall effectiveness of the Board and its Board Committees. Factors considered include the suitability of the size of the Board or Board Committees for effective debate and decision-making, competency mix of Directors and regularity of meetings. The results of these self-assessment checklists were considered by the NC. The Chairman of the NC, Mr. Wong Tat Keung, would review the results of the Board evaluation, and in consultation with the NC, propose to the Board, where appropriate, to make relevant changes to the Board's or Board Committees' size and composition.

In evaluating each individual Director's performance, the NC assessed whether each Director was willing and able to constructively challenge and contribute effectively to the Board and demonstrate commitment to his role of the Board.

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The NC, having assessed the current Board's and Board Committees' overall performance to-date, their roles and responsibilities, is of the view that the performance of the Board as a whole, each Board Committee and each individual Director were satisfactory and have met its performance objectives for FY2020.

No external facilitator was used during the evaluation process in FY2020.

Going forward, the NC will continue to review the formal Board evaluation process for assessing the Board's and each Board Committee's performance, and also review the contribution of each individual Director to the effectiveness of the Board and their relevant Board Committees. The Chairman of the NC, Mr. Wong Tat Keung, will act on the results of the Board evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors in consultation with the NC.

Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his performance or his nomination for re-election as a Director of the Company.

(B) Remuneration Matters

Principle 6: Procedures for Development Remuneration Policies

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.

RC's Key Terms of Reference

The RC is guided by a set of written terms of reference, and its principal responsibilities as set out in its' key terms of reference include the following Provision 6.1

(i) reviewing and recommending to the Board a general framework of remuneration which covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits-in-kind for the Board and key Management personnel; and

(ii) reviewing and recommending to the Board the specific remuneration packages and terms of employment (where applicable) for each Director and key Management personnel.

The RC's recommendations in respect of the Directors' remuneration are submitted for endorsement by the Board and the Board is ultimately accountable for all decisions relating to remuneration.

The RC considers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, benefits-in-kind and specific remuneration packages for each Director as well as for the key Management personnel, to ensure they are fair. Provision 6.3

The RC reviews the Company's obligation arising in the event of termination of key Management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

Each member of the RC will abstain from voting and discussion on any resolutions in respect of his or her own remuneration package.

Composition of RC

The RC comprises three (3) Independent Non-Executive Directors: Provision 6.2

Mr. Wong Shui Yeung (Chairman)	Independent Non-Executive Director
Mr. Wong Tat Keung (Member)	Independent Non-Executive Director
Mr. Chan King Fai (Member)	Independent Non-Executive Director

All members of the RC are Independent Non-Executive Directors. The Chairman of the RC, Mr. Wong Shui Yeung, is independent.

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Remuneration Consultant(s)

No remuneration consultants were engaged by the Company during FY2020. Where necessary, the expenses of any external remuneration consultants engaged for advice on remuneration matters shall be borne by the Company. Provision 6.4

Principle 7: Level and Mix of Remuneration

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.

Policy and criteria for setting remuneration

The Company sets out remuneration packages that are able to attract, retain and motivate Directors and Management without being excessive, thereby promoting the long-term success of the Company and maximising Shareholders' value. The remuneration packages take into account the performance of the Group and the individual Directors. In addition, the Company tailors each Director and key Management personnel's remuneration to his or her specific role and circumstances. Provision 7.1

The RC ensures that both the total remuneration as well as individual pay components, i.e. annual fixed cash, annual performance incentives and the long-term incentives, are market competitive and are performance driven.

The annual fixed cash component of Executive Directors and key Management personnel's remuneration comprises the annual basic salary plus fixed allowances which the Company benchmarks with the relevant industry market data, where available. The annual performance incentive variable bonus is tied to the performance of the Company, business unit and individual employee. Performance conditions to which entitlement to such annual and short-term incentives are subject include benchmarking performance to industry business operation expectations and performance that exceeds such expectations, as well as measuring performance based on the Company's financial performance vis-à-vis industry performance.

The RC also performs an annual review of the remuneration of employees related to the Directors and substantial Shareholders 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.

Going forward, the RC is reviewing the Group's remuneration policy for all Executive Directors and key management personnel to include a variable component in the form of a variable bonus, grant of share options under the Share Option Scheme (as defined herein) or award of performance shares under the Performance Share Plan (as defined herein) which will be linked to the performance of each individual Executive Director and key management personnel and will be assessed based on their respective key performance indicators or conditions.

As part of its efforts to link rewards to corporate and individual performance in relation to Management's remuneration, the Group had introduced long-term incentive schemes. The Shareholders had approved the adoption of two long-term incentive schemes, the Alset Share Option Scheme ("**Share Option Scheme**") and the Alset Performance Share Plan ("**Performance Share Plan**").

The RC has been given the responsibility to administer both the Share Option Scheme and the Performance Share Plan. The RC shall review and set appropriate performance conditions for each individual. The variable component will also take into account the risk policies of the Company, be symmetric with risk outcomes and be sensitive to time horizon risks. Further details on the Share Option Scheme and the Performance Share Plan are set out in Provision 8.3 of this Corporate Governance Report.

The Company currently does not use contractual provisions to allow the Company to reclaim incentive components of remuneration from its Executive Director and key Management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Group. This is because the Executive Director owes a fiduciary duty to the Company and the Company should be able to avail itself to remedies against the Executive Director in the event of such breach of fiduciary duties.

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The RC reviews the Company's obligations arising in the event of the termination of an Executive Director or key management personnel's contract of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC shall also review the feasibility of having the abovementioned contractual provisions in future renewals of service contracts of its Executive Director and key Management personnel.

Remuneration of Executive Director

The Executive Directors do not receive Directors' fees. The letter of appointment of the Executive Director does not contain onerous renewal clauses and may be terminated by giving one (1) month to (3) months prior written notice or an amount equal to one (1) month to (3) months' salary in lieu of such notice.

Remuneration of Non-Executive Directors

Each Non-Executive Director of the Company is paid Directors' fees in accordance with the level of his contribution to the Board, taking into consideration factors such as the effort, time spent by and responsibilities of each Non-Executive Director, as well as the remuneration rates of comparable companies listed on the Catalist board of the SGX-ST. The remuneration of each Non-Executive Director is subject to shareholders' approval at the AGM. Provision 7.2

The Group's remuneration policy is to ensure that the remuneration offered is competitive and sufficient to attract, retain and motivate Directors and the Management to provide good stewardship and successfully manage the Company for the long term. Provision 7.3

Principle 8: Disclosure on Remuneration

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.

Level and Mix of Remuneration

The RC has adopted a framework for Directors' fees which comprises of a basic fee, additional fees for appointment to and chairing of Board Committees and constructive contributions. Details on the Company's policy and criteria for setting remuneration are set out in Principle 7 of this Corporate Governance Report. Provision 8.1

Details of remuneration and fees paid by the Group to the Directors and key Management personnel in the financial year under review are set out below:

Remuneration Bands & Name of Directors & Key Management Personnel	Total Remuneration (S$'000)	Salary (%)	Variable bonus (%)	Director's Fees (%)	Total (%)
Directors					
Between S$500,000 to S$750,000					
Chan Heng Fai	652	–	100	–	100
Between S$0 to S$250,000					
Tao Yeoh Chi	76	–	73.68	26.32	100
Wong Tat Keung	76	–	73.68	26.32	100
Chan King Fai	76	–	73.68	26.32	100
Wong Shui Yeung	104	–	80.77	19.23	100
Lam Lee G.	104	–	80.77	19.23	100
Lui Wai Leung Alan	193	85.47	14.53	–	100
Lim Sheng Hon, Danny	60	100	–	–	100
Chan Tung Moe	86	100	–	–	100
Key Management Personnel					
Between S$0 to S$250,000					
Ang Hay Kim	126	77.70	22.30	–	100
Wei Rongguo	185	84.87	15.13	–	100
Michael Gershon	167	100	–	–	100

The aggregate amount of the total remuneration paid to the Directors was S$1,427,000 in FY2020.

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The Group had only three (3) key Management personnel for FY2020. The aggregate amount of the total remuneration paid to the top three (3) key Management personnel (who are not Directors or the CEO) was S$478,000 in FY2020. Other than as disclosed, the Company has no other employee who has the authority and responsibility for planning, directing and controlling the activities of the Company.

Prior to his appointment as an Executive Director on 11 December 2020, Mr. Chan Tung Moe was a consultant engaged by the Company through Pop Motion Consulting Pte. Ltd. Mr. Chan Tung Moe is the son of Mr. Chan Heng Fai, an Executive Director and the CEO of the Company. Mr. Chan Tung Moe's remuneration in his capacity as a consultant was S$145,000 in FY2020. Provision 8.2

Mrs. Mabel Chan Yoke Keow, the Executive Assistant to the CEO of the Company, is the spouse of Mr. Chan Heng Fai, the Executive Chairman and CEO of the Company. Mrs. Mabel Chan Yoke Keow's remuneration for FY2020 was S$39,000.

Save as disclosed above, there were no other employees who are immediate family members of the Directors, the CEO or substantial shareholders of the Company whose remuneration exceeded $100,000 in FY2020.

Forms of remuneration and other payments and benefits

Details on the amounts and breakdown of remuneration are set out in Provision 8.1 of this Corporate Governance Report. Provision 8.3

Alset Share Option Scheme Catalist Rule 1204(16)

The Company implemented its Share Option Scheme on 20 November 2013 as a long-term incentive scheme. The Share Option Scheme is administered by the RC, comprising the Independent Non-Executive Directors Mr. Wong Shui Yeung, Mr. Chan King Fai and Mr. Wong Tat Keung. Catalist Rule 851

The objectives of the Share Option Scheme are to, inter alia:

(a) motivate participants to achieve higher efficiency and productivity and improve the performance of the Group and its businesses;

(b) instil a sense of loyalty to the Group in the participants, and to create an incentive for participants to work towards the long-term wellbeing of the Group;

(c) align the interests of participants with Shareholders' interests;

(d) make employee and/or Directors' remuneration sufficiently competitive to recruit and retain participants whose contributions are important to the growth and profitability of the Group;

(e) attract potential employees and/or Directors with relevant skills to contribute to the Group; and

(f) give recognition to the contributions made or to be made by participants to the success of the Group.

The following persons shall be eligible to participate in the Share Option Scheme:

(a) confirmed employees of the Group;

(b) Executive Directors of the Group;

(c) Non-Executive Directors of the Group (including Independent Directors of the Group); and

(d) controlling Shareholders and/or their associates who are either confirmed employees of the Group, Executive Directors of the Group or Non-Executive Directors of the Group, provided that the participation by each such controlling Shareholder or associate, and each grant of share options to any one of them may be effected only with the specific prior approval of Shareholders at a general meeting in separate resolutions.

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Other salient information relating to the Share Option Scheme is set out below:

(a) the aggregate number of shares in respect of which share options may be granted on any date under the Share Option Scheme, when added to the amount of shares issued and issuable and/or transferred and transferrable in respect of all shares available under the Share Option Scheme and all shares, options or awards under any other share option or share scheme of the Company then in force, shall not exceed twenty per cent. (20%) of the number of issued shares (excluding treasury shares) of the Company on the day immediately preceding the date on which the share option is granted (or such other limit as the SGX-ST may determine from time to time);

(b) the aggregate number of shares in respect of which share options may be offered to a participant for subscription in accordance with the Share Option Scheme shall be determined at the discretion of the RC who shall take into account criteria such as rank, skills, experience, past performance, years of service, potential for future development and contribution to the Group of the participant;

(c) the exercise price for each share in respect of which a share option is exercisable shall be determined by the RC, in its absolute discretion, on the date on which the share option is granted, at a price equal to the Market Price, or a price which is set at a discount to the Market Price, provided that the maximum discount shall not exceed fifty per cent. (50%) of the Market Price and specific prior approval of Shareholders at a general meeting in a separate resolution have authorised the making of offers and grants of share options under the Share Option Scheme at a discount not exceeding the maximum discount as aforesaid;

(d) "**Market Price**" refers to a price equal to the average of the closing market prices of the shares over a period of five (5) consecutive market days immediately prior to the date on which the share option is granted, provided always that in the case of a market day on which shares were not traded on the SGXST, the closing market price for the shares on such market day shall be deemed to be the closing market price of the shares on the immediately preceding market day on which shares were traded, rounded up to the nearest whole cent;

(e) share options granted with the exercise price set at Market Price shall only be exercisable, in whole or in part, by a participant after the first (1st) anniversary of the date on which the share option was granted. Share options granted with the exercise price set a discount to the Market Price shall only be exercisable, in whole or in part, by a participant after the second (2nd) anniversary of the date on which the share option was granted.

Further details on the Share Option Scheme can be found in the Company's circular dated 28 October 2013.

Save as disclosed in the table below, since the implementation of the Share Option Scheme, no share options were granted under the Share Option Scheme to any Directors, controlling Shareholders or associates of controlling Shareholders, and no employee of the Group has received 5% or more of the total number of share options available under the Share Option Scheme.

Name of Director	Share options granted during FY2020 (including terms)	Aggregate share options granted since commencement of Share Option Scheme to end FY2020	Aggregate share options exercised since commencement of the Share Option Scheme to the end of FY2020	Aggregate share options outstanding as at end of FY2020
Chan Heng Fai	–	1,061,333	–	1,061,333

Alset Performance Share Plan

The Company implemented its Performance Share Plan on 23 October 2014 to complement the Share Option Scheme and to serve as an additional and flexible incentive tool for the Group. The Performance Share Plan is administered by the RC, comprising the Independent Non-Executive Directors Mr. Wong Shui Yeung, Mr. Chan King Fai and Mr. Wong Tat Keung.

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The objectives of the Performance Share Plan are to, *inter alia*:

(a) give recognition to contributions made or to be made by employees of the group by introducing a variable component to their remuneration package;

(b) motivate participants to achieve higher efficiency of productivity and improve the performance of the Group and its business units;

(c) provide an opportunity for participants to participant in the equity of the Company, thereby inculcating a stronger sense of identification with the long-term prosperity of the Group and promoting organisational commitment, dedication and loyalty of participants towards the Group; and

(d) increase the competitiveness of the remuneration and incentive package that may be offered by the Group to attract and retain key employees of the Group whose contributions are important to the growth and profitability of the Group.

The following persons shall be eligible to participate in the Performance Share Plan:

(a) employees of the Group (including Executive Directors of the Group);

(b) any Director of the Company (including Non-Executive Directors); and

(c) Controlling Shareholders and/or their associates who are either employees of the Group or Directors of the Company shall not participate in the Performance Share Plan unless their participation and the actual number of performance shares and the terms of any award of performance shares have been approved by independent Shareholders at a general meeting in separate resolutions.

Other salient information relating to the Performance Share Plan is set out below:

(a) the total number of shares that may be issued or are issuable pursuant to the award of performance shares on any date when added to the aggregate number of shares that are issued or are issuable in respect of such other share based incentive schemes of the Company (if any), shall not exceed 20% (or such other percentage as may be prescribed or permitted from time to time by the SGXST) of the total number of issued shares of the Company on the day immediately preceding the date on which the award of performance shares shall be made, provided that the aggregate number of performance shares which may be awarded to participants who are controlling Shareholders and/or their associates under the Performance Share Plan shall not exceed 25% of the total number of shares available under the Performance Share Plan and such other share based incentive schemes of the Company, and the aggregate number of performance shares which may be awarded to each participant who is a controlling Shareholder and/or an associate of a controlling Shareholder under the Performance Share Plan shall not exceed 10% of the total number of shares available under the Performance Share Plan and such other share based incentive schemes of the Company;

(b) awards may only be vested and consequently any performance shares comprised in such awards shall only be delivered upon the RC being satisfied that the participant has achieved the performance target(s) and the Plan is awarded before expiry of the prescribed performance period provided always that the RC shall have the absolute discretion to determine the extent to which the performance shares under that award shall be released on the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period. No performance shares under the award shall be released for the portion of the prescribed performance target(s) that is not satisfied by the participant at the end of the prescribed performance period;

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(c) awards represent the right of a participant to receive fully-paid performance shares free of charge. A participant is entitled to receive fully-paid performance shares subject to certain prescribed performance target(s) being met;

(d) the selection of a participant, the number of performance shares which are the subject of each award to be made to him, and the prescribed vesting period shall be determined at the absolute discretion of the RC, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success of and development of the Group and the extent of effort required to achieve the performance target(s) within the performance period; and

(e) an award shall be vested in a participant for as long as he has fulfilled his performance target(s) and the vesting period (if any) has not expired and notwithstanding a transfer of his employment within any company in the Group or any apportionment of performance target(s) within any company in the Group.

Further details on the Performance Share Plan can be found in the Company's circulars dated 7 October 2014 and 14 May 2020.

Save as disclosed in the table below, since the implementation of the Performance Share Plan, no award of performance shares were granted under the Performance Share Plan to any Directors, controlling Shareholders or associates of controlling Shareholders, and no employee of the Group has received 5% or more of the total number of performance shares available under the Performance Share Plan.

Name of Director	Performance shares granted during FY2020 (including terms)	Aggregate performance shares granted since commencement of Performance Share Plan to end FY2020	Aggregate performance shares vested since commencement of the Performance Share Plan to the end of FY2020	Aggregate performance shares not yet vested as at end of FY2020
Chan Heng Fai	23,278,600(1)	23,278,600	23,278,600	–
Lam Lee G.	3,000,000(1)	3,000,000	3,000,000	–
Tao Yeoh Chi	2,000,000(1)	2,000,000	2,000,000	–
Wong Tat Keung	2,000,000(1)	2,000,000	2,000,000	–
Chan King Fai	2,000,000(1)	2,000,000	2,000,000	–
Wong Shui Yeung	3,000,000(1)	3,000,000	3,000,000	–
Chan Tung Moe(2)	1,500,000(3)	1,500,000	–	1,500,000
Lui Wai Leung Alan(4)	1,000,000(1)	1,000,000	1,000,000	–
Lim Sheng Hon, Danny(5)	1,000,000(1)	1,000,000	1,000,000	–

Notes:

(1) The performance shares have fully vested on the date of grant of 27 March 2020. Please refer to the Company's announcement dated 27 March 2020 for further details.

(2) Mr. Chan Tung Moe was appointed as an Executive Director with effect from 11 December 2020.

(3) The performance shares, which were granted on 13 August 2020, are subject to a vesting period of 6 months from the date of grant. Accordingly, the 1,500,000 performance shares granted to Mr. Chan Tung Moe have vested on 3 March 2021. Please refer to the Company's announcement dated 3 March 2021 for further details.

(4) Mr. Lui Wai Leung Alan was appointed as an Executive Director with effect from 2 July 2020.

(5) Mr. Lim Sheng Hon, Danny was appointed as an Executive Director with effect from 2 July 2020.

There were no termination, retirement or post-employment benefits granted to Directors, the CEO and the top three (3) key management personnel in FY2020.

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(C) Accountability and Audit

Principle 9: Risk Management and Internal Controls

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.

Internal Control and Risk Management Systems

The Board is committed to maintaining a robust and effective system of internal controls to safeguard Shareholders' interests and investments, and the Group's assets. The Board determines the Company's level of risk tolerance and risk policies, and oversees Management in the design, implementation and monitoring of sound risk management and internal control systems. Provision 9.1

The Board recognises the importance of sound internal controls and risk management practices for good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and effectiveness of those systems on an annual basis.

The Board reviewed the adequacy and effectiveness of the Group's internal controls and risk management framework and systems, conducted dialogue sessions with the Management to understand the process, and to identify, assess, manage and monitor risks within the Group.

The Board, having considered the various factors, including the aforementioned system of internal controls currently in place and after communicating with Management, delegated the responsibility for risk governance to the ARMC.

The ARMC monitors and assists the Board in determining the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation.

The Management presented the annual report to the ARMC and the Board on the Group's risk profile, the status of risk mitigation action plans and updates on the following areas:

(a) assessment of the Group's key risks by major business units and risk categories;

(b) identification of specific "risk owners" who are responsible for the risks identified;

(c) description of the processes and systems in place to identify and assess risks to the business and how risk information is collected on an ongoing basis;

(d) ongoing gaps in the risk management process such as system limitations in capturing and measuring risks, as well as action plans to address the gaps;

(e) status and changes in plans undertaken by the Management to manage key risks; and

(f) description of the risk monitoring and escalation processes and also systems in place.

The Management is responsible for designing, implementing and monitoring the risk management and internal control systems in accordance with the policies on risk management and internal controls and the Board oversees the Management in such design, implementation and monitoring.

Assessment of Internal Control and Risk Management Systems

The Board, with the assistance of the ARMC, has undertaken an annual assessment on the adequacy and effectiveness of the Group's internal control and risk management systems over financial, operational, compliance and information technology risks. The assessment considered issues dealt with in reports reviewed by the Board during the year together with any additional information necessary to ensure that the Board has taken into account all significant aspects of risks and internal controls for the Group for FY2020.

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The Board's annual assessment, in particular, considered:

(a) the changes since the last annual assessment in the nature and extent of significant risks, and the Company's ability to respond to changes in its business and the external environment;

(b) the scope and quality of the Management's ongoing monitoring of risks and of the system of internal controls and the work of its internal audit function and other providers of assurance;

(c) the extent and frequency of the communication of the results of the monitoring to the ARMC; and

(d) the incidence of significant internal control weaknesses that were identified during FY2020.

In addition, the Board relied on internal audit reports and the management letter prepared by the external auditors to report on any material non-compliance or internal control weakness.

The system of internal control and risk management established by the Group is designed to manage, rather than eliminate, the risk of failure in achieving the Group's goals and objectives. The Board wishes to state that the system of internal control provides reasonable, but not absolute, assurance as to financial, operational, compliance and information technology risks. No such system can provide absolute assurance against the occurrence of material errors and other situations not currently within the contemplation or beyond the control of the Board.

Audit & Risk Management Committee's Commentary on Key Audit Matters

<u>Carrying Value of Properties Under Development</u>

As at 31 December 2020, the Group has three (3) property development projects and the carrying value of these property development projects is S$29,365,000 which constitutes 23.6% of the Group's total assets as at 31 December 2020.

Management's estimation is required to assess the recoverability of the carrying value of the properties under development.

In order to satisfy that the carrying value of the properties under development is not materially misstated, ARMC has obtained assurance from the Management that a detailed assessment has been undertaken using appropriate assumptions and estimates in deriving the budgeted total costs to completion and the estimated selling prices. The Management also confirmed to the ARMC that the valuation reports for these property development projects were prepared by independent appraisers.

In considering this matter, the ARMC has reviewed the budget and cashflow projections prepared by the Management. In addition, the ARMC has discussed with and sought concurrence from the external auditors on this matter. Taking into consideration the above assurance and confirmation obtained from the Management, valuation for these property development projects from independent appraisers and reviews performed by the external auditors on this matter, the ARMC concurs with the Management's determination that the disclosure in the financial statements in respect of the carrying value of properties under development is appropriate.

<u>Classification of investment in Document Security Systems, Inc.</u>

On 21 April 2020, Global BioMedical Pte Ltd ("**GBM**"), a wholly-owned subsidiary of the Company, entered into a share exchange agreement ("**Share Exchange Agreement**") with DSS BioHealth Security, Inc. ("**DBHS**"), a wholly owned subsidiary of Document Security Systems, Inc. ("**DSS**"), a New York Stock Exchange listed entity, in relation to the acquisition by DBHS of the entire share capital of Impact BioMedical Inc ("**Impact Biomedical**"), a subsidiary of GBM (the "**Transaction**").

On 21 August 2020, the Transaction was completed. GBM received 483,334 common stocks of DSS and 46,868 convertible preferred stocks of DSS as consideration for the disposal of Impact Biomedical to DBHS.

The classification of the investment in DSS is classified as a key audit matter due to the significance of the transaction and the subjectivity and judgement involved in the evaluation of the appropriate classification of the investment.

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In considering this matter, the ARMC has reviewed the Share Exchange Agreement and other relevant documents to develop an understanding of the underlying terms, arrangements and the appropriate accounting treatment. The ARMC has evaluated the Management's assessment on the accounting and classification of the investment in accordance with the relevant SFRS(I) and assessed the Group's determination of whether it has control, significant influence or otherwise accounted for as financial instruments under SFRS(I) 9.

Taking into consideration the above assurance and confirmation obtained from the Management and reviews performed by the external auditors on this matter, the ARMC concurs with the Management's determination that the disclosure in the financial statements in respect of the classification of investment in DSS is appropriate.

Valuation of investment in convertible preferred stocks

Pursuant to the completion of the Transaction on 21 August 2020, GBM received 483,334 common stocks of DSS and 46,868 convertible preferred stocks of DSS as consideration for the disposal of Impact Biomedical to DBHS. As at 31 December 2020, the investment in convertible preferred stocks in DSS accounted for 40% of the total assets of the Group. Management has engaged independent external valuer to assist the Group in determining the fair value of the investment in convertible preferred stocks. The valuation of the convertible preferred stocks of DSS has been identified as a key audit matter because of the significance of the transaction and complexity involved in the valuation process.

In order to satisfy that the valuation of investment in convertible preferred stocks is not materially misstated, the ARMC has obtained confirmation from the Management that the valuation reports for the convertible preferred stocks were prepared by independent appraisers.

Taking into consideration the above assurance and confirmation obtained from the Management, valuation for the convertible preferred stocks from independent appraisers and reviews performed by the external auditors on this matter, the ARMC concurs with the Management's determination that the disclosure in the financial statements in respect of the fair value of the convertible preferred stocks is appropriate.

The Board has received assurances from: Provision 9.2

(a) the CEO and CFO that for the financial year under review, the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) the CEO and other key Management personnel who are responsible, that the Group's risk management and internal control systems were adequate and effective as at 31 December 2020.

Based on the internal controls established and maintained by the Group, the audit conducted by the external and internal auditors as well as ongoing Management review, the Board, with the concurrence of the ARMC, are of the opinion that the Group has adequate and effective systems of internal control (including financial, operational, compliance and information technology controls) and risk management systems, taking into account the nature and size of the Group's business and operations. Catalist Rule 719(1) Catalist Rule 1204(10)

During FY2020, the Board and the ARMC have not identified any material weakness in the Company's internal controls.

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Principle 10: Audit Committee

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

ARMC's Key Terms of Reference

The ARMC is guided by a set of written terms of reference, and its principal responsibilities as set out in its' key terms of reference include the following: Provision 10.1

(a) establishing and reviewing the terms of reference for the ARMC annually;

(b) recommending to the Board on (i) the proposals to Shareholders on the appointment and removal of external auditors and (ii) the remuneration and terms of engagement of the external auditors;

(c) reviewing with the external auditors the audit plan, the evaluation of the internal accounting controls system, the audit report, the assistance given by the Company's officers to the external auditors and the scope and results of the internal audit procedures;

(d) reviewing with the internal auditors the internal audit plan, the evaluation of the adequacy of internal accounting controls and the internal audit report before submission of such report to the Board;

(e) reviewing the assurance from the CEO and CFO on the financial records and financial statements;

(f) reviewing the Group's half year and full year financial statements and related notes and announcements relating thereto, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements, and the external auditors' reports prior to recommending to the Board for approval;

(g) reviewing the internal control procedures and ensuring co-ordination between the external auditors and the Management, reviewing the assistance given by the Management to the external auditors, and discussing 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);

(h) reviewing and discussing with the external and internal 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;

(i) reviewing the effectiveness of the Group's material internal controls, including financial, operational and compliance controls, information technology controls and risk management systems via reviews carried out by the internal auditors;

(j) reviewing the nature, scope, extent and cost-effectiveness of any non-audit services provided by the external auditors and ensuring that these do not affect the independence and objectivity of the external auditors;

(k) reviewing any significant financial reporting issues and judgments and estimates made by the Management, so as to ensure the integrity of the financial statements of the Group and any announcements relating to the Group's financial performance;

(l) reviewing with the external and internal auditors annually the adequacy and effectiveness of the Group's internal controls and risk management systems;

(m) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;

(n) reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistleblowing policy and procedures for raising such concerns;

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(o) considering the appointment or re-appointment of the external and internal auditors and matters relating to the resignation or dismissal of the external and internal auditors;

(p) undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the ARMC;

(q) generally undertaking such other functions and duties as may be required by statute or the Catalist Rules or by such amendments as may be made thereto from time to time;

(r) reviewing the Group's key financial risk areas, with a view to provide independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, to be announced immediately via SGXNet; and

(s) reviewing the interested person transactions falling within the scope of Chapter 9 of the Catalist Rules reported by the Management (if any) and potential conflicts of interest (if any) to ensure that they were carried out on normal commercial terms, and are not prejudicial to the interests of the Company and its minority Shareholders.

The ARMC also has express power to investigate any matter brought to its attention, within its terms of reference, with the power to retain professional advice at the Company's expense. The ARMC also has full access to, and co-operation by Management and full discretion to invite any Director or Executive Officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

Further details of the activities of the ARMC are provided under Principles 9 and 10 of this Corporate Governance Report.

Whistle-Blowing Policy

The Company has put in place a whistle-blowing policy by which staff of the Group and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters such as suspected fraud, corruption, and dishonest practices. The whistle-blowing policy is intended to conform to the guidance set out in the 2018 Code and aims to provide an avenue for staff of the Group and any other persons to raise concerns and offer reassurance that staff of the Group and any other persons making such reports will be treated fairly and protected from reprisals or victimisation for whistleblowing in good faith within the limits of the law.

The ARMC exercises the overseeing functions over the administration of the whistle-blowing policy. The ARMC's objective is to ensure that arrangements are in place for the relevant concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.

All reports, including unsigned reports, reports that are weak in details and verbal reports, are considered. These reports are directed to the Chairman of the ARMC and the ARMC will be informed immediately of any whistle-blowing reports received. To ensure independent investigation into such matters and for appropriate follow up action, all whistle-blowing reports are reviewed by the ARMC. In the event that the whistle-blowing report is about a Director, that Director shall not be involved in the review and the making of any decisions with respect to that whistleblowing report. Periodic reports will be submitted by the ARMC to the Board stating the number and the complaints received, the results of the investigations, follow up actions and the unresolved complaints. Details of the whistle-blowing policy have also been made available to the staff of the Group.

There were no whistle-blowing reports received by the ARMC for FY2020.

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Composition of ARMC

The ARMC comprises of three (3) Independent Non-Executive Directors: Provision 10.2

Mr. Wong Shui Yeung (Chairman)	Independent Non-Executive Director
Mr. Wong Tat Keung (Member)	Independent Non-Executive Director
Mr. Chan King Fai (Member)	Independent Non-Executive Director

All members of the ARMC are Independent Non-Executive Directors. The Chairman of the ARMC, Mr. Wong Shui Yeung, is independent.

The majority of the members of the ARMC, including the Chairman of the ARMC, have recent and relevant accounting, risk management, legal, or related financial management expertise or experience to deal with the matters that come before them. The Board considers that the members of the ARMC are appropriately qualified, and have sufficient knowledge and experience in accounting, risk management and financial matters to discharge their responsibilities in the ARMC.

The ARMC has reasonable resources to enable it to discharge its functions properly. The members of the ARMC shall also take measures to keep abreast of changes to accounting standards and issues which have a direct impact on financial statements as and when it, or the Board or the Company, deems necessary and appropriate.

The members of the ARMC will attend courses and seminars to keep abreast of changes to accounting standards and other issues which may have a direct impact on financial statements, as and when necessary. The external auditors provide, and had provided in FY2020, regular updates and periodic briefings to the ARMC on changes or amendments to accounting standards to enable the members of the ARMC to keep abreast of such changes and its corresponding impact on the financial statements, if any. As each of the ARMC members are practising accountants, they are also kept abreast of changes to accounting standards and issues which have a direct impact on financial statements.

None of the ARMC members are former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two (2) years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and (b) for as long as they have any financial interest in the auditing firm or auditing corporation. Provision 10.3

Internal Audit

The Company has appointed Asian Alliance Risk Advisory Services Limited (formerly known as Asian Alliance Financial Advisory Services Limited) ("**AARAS**") as its internal auditor for FY2020. AARAS has over five (5) years of relevant experience in internal audit. The internal audit team reports directly to the ARMC on audit matters and the CEO of the Company on administrative matters. The head of the internal audit team, Mak Sin Ying, has relevant experience and qualifications in internal audit. The ARMC is satisfied that the internal audit team comprises of suitably qualified and experienced professionals with over five (5) years of relevant internal audit experience. The internal audit work carried out through the internal control integrated framework developed by the Committee of Sponsoring Organizations of the Treadway Commission ("**COSO**"). Provision 10.4 Catalist Rule 719(3) Catalist Rule 1204(10C)

The internal audit plans are approved by the ARMC, with the outcome of the internal audit presented to and reviewed by the Management, ARMC and the Board.

The ARMC reviews the adequacy and effectiveness of the internal audit function annually and assesses the independence of the internal audit function including the qualifications and experience of the internal audit staff assigned to perform the review. In addition, the ARMC decides on the appointment, termination and remuneration of the Company's internal auditors. In particular, the ARMC reviews the scope and results of the internal audit and ensures that the internal audit function is adequately resourced and has appropriate standing within the Group.

Following the review of the internal audit plan and evaluation of the system of internal controls for FY2020, the ARMC is satisfied that the internal audit is independent, effective, adequately resourced and has the appropriate standing within the Group.

The internal auditor will have unfettered access to all the Group's documents, records, properties and personnel, including the ARMC, and has appropriate standing within the Group. The internal audit function assesses the effectiveness of the Group's internal control procedures and provides reasonable assurance to the ARMC and the Management that the Group's risk management, controls and governance processes are adequate and effective.

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The ARMC meets annually with the Group's external and internal auditors, in each case without the presence of Management, in order to have free and unfiltered access to information that it may require, to discuss the results of their examinations and the evaluation of the Group's system of risk management and internal controls, and to discuss any problems and concerns which they may have. Provision 10.5

External Auditors

Before confirming an external auditors' re-appointment, the ARMC will conduct an annual review of the independence of the Company's external auditors and the total fees for non-audit services compared with audit services, and satisfy itself that the nature and volume of any non-audit services will not prejudice the independence and objectivity of the auditors. Catalist Rule 1204(6)

During the financial year under review, the remuneration paid/ payable to the Company's external auditors, Foo Kon Tan LLP, is set out below:

Fees Paid / Payable to Foo Kon Tan LLP		
Service Category	**S$'000**	**% of total**
Audit Fees	241	100
Non-Audit Fees	–	–
Total	241	100

As there were no fees paid to Foo Kon Tan LLP for non-audit services in the financial year under review, the ARMC is of the opinion that the independence and/or objectivity of Foo Kon Tan LLP has not been affected.

The ARMC has recommended to the Board that Foo Kon Tan LLP be nominated for re-appointment as external auditors at the forthcoming AGM of the Company. The audit partner in charge of auditing the Company also has not been in charge of more than five (5) consecutive audits in respect of the Company.

In proposing to shareholders the re-appointment of Foo Kon Tan LLP as external auditors of the Company and in line with the requirements under Rule 712 of the Catalist Rules and after taking into consideration the Audit Quality Indicators (AQI) Disclosure Framework published by the Accounting and Corporate Regulatory Authority ("**ACRA**") in respect of Foo Kon Tan LLP, the Board and the ARMC have considered and are satisfied with the adequacy of the resources and experience of the auditing firm and the audit engagement partner assigned to the audit, the firm's other audit engagements, the size and complexity of the Group being audited, and the number and experience of supervisory and professional staff assigned to the particular audit. Foo Kon Tan LLP has confirmed that it is approved under the Accountants Act, and that the audit partner-in charge is a public accountant under the Accountants Act.

The Company is also in compliance with Rule 715 of the Catalist Rules in relation to the appointment of Foo Kon Tan LLP as the auditors of the Company and its subsidiaries.

In line with the requirement under Rule 715(2) of the Catalist Rules, the Company has engaged a suitable auditing firm for its significant foreign-incorporated subsidiaries. The SeD Intelligent Home Group and HotApp Group, which are listed on the US OTC market, are audited by Briggs & Veselka Co. Please refer to pages 99 to 103 of the Annual Report for further information on the Group's foreign-incorporated subsidiaries and their respective audit firms.

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(D) Shareholder Rights and Engagement

Principle 11: Shareholder Rights and Conduct of General Meetings

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.

Conduct of General Meetings

The Board encourages Shareholders' participation at general meetings and allows Shareholders the opportunity to communicate their views as well as raise any concerns they might have on various matters affecting the Company or the Group. Provision 11.1

The Board encourages Shareholders to attend general meetings to ensure a greater level of Shareholders' participation and to meet with the Board and the Management so as to stay informed of the Group's developments. In order to provide ample notice to Shareholders, the notice of general meeting, together with the relevant Annual Report or circular, is released on SGXNET and the Company's website before the scheduled date of the general meeting.

Due to Covid-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the general meetings of the Company in FY2020 were held by way of electronic means and shareholders were not able to attend the general meetings in person. To enable shareholders to participate in and vote effectively at general meetings held by way of electronic means, the Company set out detailed information on the arrangements relating to attendance at the general meetings, submission of questions in advance of the general meetings, addressing of substantial and relevant questions at the general meetings, and voting procedures for the general meetings.

The Company's Constitution has been amended on 29 April 2016 to facilitate, subject to such security measures as may be deemed necessary or expedient, voting in absentia, including but not limited to voting by mail, electronic mail or facsimile.

Provision 11.4

The Company acknowledges that voting by poll in all its general meeting is integral to the enhancement of corporate governance. All resolutions at the Company's general meetings are put to a vote by poll. The detailed results showing the number of votes cast for and against each resolution and the respective percentages are announced via SGXNET and made available on the Company's website after the conclusion of the general meetings.

At general meetings of Shareholders, the Company tables separate resolutions on each substantially separate issue. Provision 11.2

"Bundling" of resolutions will be done only where resolutions are interdependent and linked so as to form one significant proposal. Where resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.

In FY2020, shareholders were given the opportunity to submit questions in advance of general meetings held by way of electronic means. The external auditors were also available to assist in responses to questions submitted in advance of general meetings in relation to the conduct of the audit and the preparation and content of the auditors' report, if any. Provision 11.3

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The Directors' attendance at the general meetings of the Company held in FY2020 are set out in the table below:

Name of Director	Annual General Meeting		Extraordinary General Meeting	
	No. of meetings held*	No. of meetings attended	No. of meetings held*	No. of meetings attended
Chan Heng Fai	1	1	3	3
Lam Lee G.	1	1	3	1
Chan King Fai	1	1	3	3
Tao Yeoh Chi	1	1	3	3
Wong Shui Yeung	1	1	3	3
Wong Tat Keung	1	1	3	3
Lui Wai Leung Alan(1)	–	–	1	1
Lim Sheng Hon, Danny(2)	–	–	1	1
Chan Tung Moe(3)	–	–	–	–

* Number of meetings held during his appointment as a Director of the Company.

Notes:

(1) Mr Lui Wai Leung Alan was appointed as an Executive Director with effect from 2 July 2020.

(2) Mr Lim Sheng Hon, Danny was appointed as an Executive Director with effect from 2 July 2020.

(3) Mr Chan Tung Moe was appointed as an Executive Director with effect from 11 December 2020.

Minutes of General Meetings

The Company will record minutes of all general meetings. The minutes record substantial and relevant comments and queries from Shareholders relating to the agenda of the general meeting, and responses from the Board and Management. During FY2020, the minutes of general meetings were published on SGXNET and the Company's website within one month after each general meeting. Provision 11.5

Dividend Policy

As the Company continued to accumulate losses as at 31 December 2020 and its current priority is to achieve long-term growth for the benefit of its Shareholders, the Company currently does not have a fixed dividend policy. In determining the form, frequency and amount of future dividends, the Board will take into consideration the Group's earnings, general financial condition, results of operations, capital requirements, cash flow, general business condition, the Group's development plans and other factors as the Directors may deem appropriate. Provision 11.6 Catalist Rule 704(23)

The Group will reinvest profits back into the business and no dividend has been declared or recommended for FY2020.

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Principle 12: Engagement with Shareholders

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.

Communication with Shareholders

In line with the continuous disclosure obligations of the Company, pursuant to the Catalist Rules and the Companies Act, the Board is of the view that all Shareholders should be informed in a comprehensive manner and on a timely basis of all material developments that impact the Group and in particular, changes in the Group or its business which would be likely to materially affect the price or value of the Company's shares. Provision 12.1

The Board is responsible for presenting to Shareholders a balanced and clear assessment of the Company's performance, position and prospects. The Board has embraced openness and transparency in the conduct of the Company's affairs, whilst preserving the interests of the Company.

The Board believes in regular and timely communication with Shareholders as part of our organisation development to build systems and procedures that will enable us to operate transparently.

All announcements including the half year and full year financial results, distribution of notices, press releases, analyst briefings, presentations, announcements on acquisitions and other major developments are released via SGXNET and are also available on the Company's website at www.alsetinternational.com.

Price-sensitive information is first publicly released through SGXNet, before the Company meets with any investors or analysts. The annual report and the accompanying notice of AGM is made accessible to all Shareholders on SGXNET and the Company's website.

The Company does not practice selective disclosure and price sensitive information is publicly released on an immediate basis where required under the Catalist Rules. In the event that inadvertent disclosure is made to a selected group, the Company will make the same disclosure publicly to all Shareholders as soon as practicable.

Shareholders, analysts and other stakeholders may provide feedback to the Company's investor relations personnel, Mr Danny Lim, at danny@alsetinternational.com.

Investor Relations Policy

The Company has adopted an investor relations policy which allows for an ongoing exchange of views so as to promote regular, effective and fair communication with shareholders. Provision 12.2

While the Company did not engage a dedicated external investor relations team for FY2020, the Board and the CFO have devised and implemented the Company's investor relations policy. Provision 12.3

The Company has appointed an investor relations personnel to focus on facilitating communications with all Shareholders on a regular basis, to attend to their queries or concerns as well as to keep investors and the public informed of the Group's corporate development and financial performance.

Shareholders may reach out to the investor relations personnel, Mr Danny Lim, at danny@alsetinternational.com.

In addition, Shareholders may reach out to the Lead Independent Director, Mr Tao Yeoh Chi, at taoyc2012@yahoo.com.sg.

The investor relations personnel will inform the Board upon receipt of the Shareholders' queries to keep the Board informed of the issues raised by Shareholders and will endeavour to respond to the Shareholders' queries as soon as practicable after due discussion with the Board.

Where required, the Executive Directors and the CFO will meet up with analysts and investors after the results are announced through the SGXNET system, to explain the financial performance, Group's strategy and major developments and to understand the views and concerns of analysts and investors.

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(E) Managing Stakeholder Relationships

Principle 13: Engagement with Stakeholders

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.

Stakeholder engagement forms an integral part of the Company's sustainability approach. The Company's stakeholders have an interest in the Company's business and influence the Company's operations, products and services, business approach and strategies. The Company's stakeholders have been identified as its customers, regulators, Shareholders and suppliers. Provision 13.1

The Company proactively engages with its stakeholders on a regular, continuing basis through various channels, such as SGXNet and the Company's website at www.alsetinternational.com, and means to gain insights to their expectations and concerns and use these learnings to make informed decisions in shaping the Company's business policies and strategies so as to create sustainable business growth and value for all stakeholders.

The Company's approach to stakeholder engagement and materiality assessment can be found in its Sustainability Report for the financial year under review. Provision 13.2

The Company maintains a current corporate website, www.alsetinternational.com, to communicate and engage with stakeholders. Provision 13.3

Other Governance Practices

Dealing in Securities

The Company has adopted internal codes of conduct pursuant to Rule 1204(19) of the Catalist Rules, which is applicable to all its Directors and officers in relation to dealings in the Company's securities.

The Company, its Directors and officers are aware that it is an offence to deal in its securities as well as securities of other listed issuers when in possession of unpublished material price-sensitive information in relation to those securities.

In compliance with Rule 1204(19) of the Catalist Rules, the Company has in place a policy prohibiting dealings of the Company's securities by the Company, its Directors and officers on short-term considerations. In addition, the Company, its Directors and officers are not allowed to deal in the Company's securities during the period commencing two (2) weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year and one (1) month before the announcement of the Company's full year financial statements (if the Company announces its quarterly financial statements), or one (1) month before the announcement of the Company's half year and full year financial statements (if the Company does not announce its quarterly financial statements).

The Directors and officers are required to report to the Company and the Company Secretary whenever they deal in the Company's securities and the Company will ensure that the necessary announcements are made. The Directors and officers of the Company are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

Material Contracts

Pursuant to Rule 1204(8) of the Catalist Rules, save as disclosed below, the Company confirms that there are no material contracts (including loans) of the Company or its subsidiaries involving the interests of the CEO, any Directors or controlling Shareholders 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:

(1) On 15 October 2018, the Company and Mr Chan Heng Fai signed a loan agreement and a S$14 million loan facility was provided by Mr Chan Heng Fai to the Company. As at 31 December 2020, the loan and the interest has been fully repaid. The loan facility is unsecured, and bears an interest of six per cent. (6%) from 1 January 2018.

(2) Mr Chan Tung Moe is the director and the sole shareholder of Pop Motion Consulting Pte. Ltd. and he is the son of Mr Chan Heng Fai, an Executive Director and CEO of the Company. Prior to Mr Chan Tung Moe's appointment as an Executive Director on 11 December 2020, Pop Motion Consulting Pte. Ltd. had on 27 August 2018 signed a consultancy services agreement with the Company. The agreement commenced on 1 September 2018 with a monthly consultancy fee of S$27,500, and was terminated on 10 August 2020.

CORPORATE GOVERNANCE REPORT

Interested Person Transactions ("IPTs")

The Company has established procedures to ensure that all transactions with interested persons (as defined in the Catalist Rules) are properly documented and reported in a timely manner to the ARMC, and that these transactions are conducted on an arm's length basis, on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

Pursuant to Rule 907 of the Catalist Rules, the details of interested person transactions entered into during FY2020 were as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules (excluding transactions less than S$100,000)
Chan Heng Fai[(1)]	Interest paid for the loan from a Director	S$179,967	–
Chan Tung Moe[(2)]	Consultancy Agreement with Pop Motor Consulting Pte Ltd.	S$145,491	–

Notes:

(1) Mr Chan Heng Fai is the Executive Chairman and CEO of the Company. Please refer to the disclosures in relation to "Material Contracts" for further information.

(2) Mr Chan Tung Moe is an Executive Director and Co-CEO of the Company. Please refer to the disclosures in relation to "Material Contracts" for further information.

In FY2020, the aggregate value of all IPTs amounted to S$325,458.

Save as disclosed above, the Board confirms that there is no material interested person transaction entered into during the financial year under review which fall under Rule 907 of the Catalist Rules.

There was no subsisting Shareholders' mandate for interested person transactions pursuant to Rule 920 of the Catalist Rules during FY2020.

The Company had also previously disclosed the details of the Company's IPTs for the FY2020 in its full year financial statements dated 1 March 2021.

CORPORATE GOVERNANCE REPORT

Update On Use Of Proceeds

Utilisation of net proceeds from 2016 Right Cum Warrants Issue

	Percentage of Net Proceeds before the Re-allocation (%)	Percentage of Net Proceeds after the Re-allocation (%)	Percentage allocation (%)	Amount of Net Proceeds: In accordance with percentage allocation (S$'000)	Amount of Net Proceeds: Utilised (US$'000)	Amount of Net Proceeds: Unutilised (US$'000)
Funding the Group's property development projects	25 to 30	25 to 50	25	8,106	(6,707)	1,399
Fund of the Group's IT Business	20 to 25	10 to 25	12	3,891	(1,868)	2,023
Funding the Group's Investment Business	1 to 5	1 to 5	5	1,621	(1,341)	280
General Working Capital	5 to 50	5 to 80	58	18,805	(9,555)	9,250
			100	* 32,423	(19,471)	12,952

* 139,834,471 warrants was exercised at S$0.04 per warrant after 1 March 2021.

	The Group (S$'000)
Professional Fee	1,852
Consultation Fee	283
Payroll	2,168
Director Fees	333
Rental, office expenditure and other operating expenses	937
Performance bond	611
BioMedical	803
Short Term Loan to iGalen USA LLC	568
Repayment of Director's Loan	2,000
	9,555

Utilisation of net proceeds from 2017 Warrants Issue

	Percentage allocation (%)	Amount of Net Proceeds: In accordance with percentage allocation (S$'000)	Amount of Net Proceeds: Utilised (US$'000)	Amount of Net Proceeds: Unutilised (US$'000)
General Working Capital	100	12,792	(10,513)	2,279
	100	12,792	(10,513)	2,279

	The Group (S$'000)
Professional Fee	217
Payroll	430
Director Fees	91
Director Remuneration	208
Rental, office expenditure and other operating expenses	68
Investment Business	2,222
Repayment of Director's Loan	7,277
	10,513

Non-Sponsor Fees

During FY2020, there was no non-sponsor fees paid to the Company's sponsor, Hong Leong Finance Limited.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

We submit this statement to the members of Alset International Limited (formerly known as Singapore eDevelopment Limited) (the "Company") together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2020 and the statement of financial position of the Company as at 31 December 2020.

In our opinion,

(a) the financial statements are drawn up so as to give a true and fair view of the financial positions of the Group and 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 for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) 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.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Names of directors

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

Chan Heng Fai (Executive Chairman and Chief Executive Officer)
Lam Lee G. (Non–Executive Vice Chairman)
Lui Wai Leung Alan (Executive Director appointed on 2 July 2020)
Lim Shen Hon, Danny (Executive Director appointed on 2 July 2020)
Chan Tung Moe (Executive Director appointed on 11 December 2020)
Tao Yeoh Chi (Independent Non–Executive Director)
Wong Shui Yeung (Independent Non–Executive Director)
Wong Tat Keung (Independent Non–Executive Director)
Chan King Fai (Independent Non–Executive Director)

Arrangements to enable directors to acquire shares or debentures

During and at the end of the financial year, neither the Company nor any of its subsidiaries was a party to any arrangement of which the object was to enable the directors to acquire benefits through the acquisition of shares in or debentures of the Company or of any other body corporate, other than as disclosed in this statement.

Directors' interest in shares or debentures

According to the Register of Directors' Shareholding kept by the Company for the purposes of Section 164 of the Act, particulars of interests of directors who held office at the end of the financial year (including those of their spouses and infant children) in shares, debentures, warrants and share options in the Company and its related corporations (other than wholly–owned subsidiaries) are as follows:

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

Directors' interest in shares or debentures (Cont'd)

	Direct interest			Deemed interest		
	As at 1.1.2020	**As at 31.12.2020**	As at 21.1.2021	As at 1.1.2020	**As at 31.12.2020**	As at 21.1.2021
The Ultimate holding company						
HFE Holdings Limited						
Chan Heng Fai	1	**1**	1	–	**–**	–
The Immediate holding company						
HengFai Business Development Pte. Ltd.			Number of Ordinary Shares			
Chan Heng Fai	–	**–**	–	4,010,000,000	**4,506,750,519**	4,506,750,519
The Company						
Chan Heng Fai	13,385,400	**183,589,200**	183,589,200	766,121,194	**1,011,550,294**	1,011,550,294
Lam Lee G	–	**3,000,000**	3,000,000	–	**–**	–
Tao Yeoh Chi	–	**2,000,000**	2,000,000	–	**–**	–
Wong Tat Keung	–	**350,000**	350,000	–	**–**	–
Chan King Fai	–	**1,700,000**	1,700,000	–	**–**	–
Lui Wai Leung Alan	–	**1,000,000**	1,000,000	–	**–**	–
			2016 Warrants			
Chan Heng Fai	–	**–**	–	403,839,653	**139,834,471**	139,834,471
			2017 Warrants			
Chan Heng Fai	1,857,425,000	**1,576,925,000**	1,576,925,000	–	**–**	–
Lui Wai Leung Alan	–	**1,200,000**	1,200,000	–	**–**	–
Lim Sheng Hon, Danny	–	**1,200,000**	1,200,000	–	**–**	–
			Share option in relation to Singapore eDevelopment Limited Share Option Scheme			
Chan Heng Fai	1,061,333	**1,061,333**	1,061,333	–	**–**	–
			Share award in relation to Singapore eDevelopment Limited Performance Share Plan			
Chan Tung Moe	–	**1,500,000**	1,500,000	–	**–**	–

Share options of the directors who cease to be employed by the Group will lapse, become null and void unless at the absolute discretion of the Remuneration Committee, may allow them to exercise any unexercised share option within the relevant option period.

By virtue of Section 7 of the Act, Mr. Chan Heng Fai is deemed to have interests in the Company and its related corporations.

Except as disclosed in this statement, no directors who held office at the end of the financial year had an interest in the shares, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Share option scheme and performance share plan

Share option scheme

At an Extraordinary General Meeting ("EGM") held on 20 November 2013, shareholders of the Company approved the Singapore eDevelopment Limited Share Option Scheme (the "Option Scheme") for the granting of share options that are settled by physical delivery of the ordinary shares of the Company, to eligible participants.

The Option Scheme is administered by the Remuneration Committee whose members are:

Wong Shui Yeung (Chairman)
Wong Tat Keung (Member)
Chan King Fai (Member)

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

Share option scheme and performance share plan (Cont'd)

Share option scheme (Cont'd)

During the financial years ended 31 December 2020 and 2019, the Company did not grant any share options under the Option Scheme.

Details of all the share options to subscribe for ordinary shares of the Company pursuant to the Option Scheme as at 31 December are as follows:

Grant date	Exercise Price $	Share options outstanding as at 1 January 2020	Share options granted	Share options forfeited	Share options outstanding as at 31 December 2020	Expiry date
31 December 2013	0.12	1,061,333	–	–	1,061,333	31 December 2023

Grant date	Exercise price $	Share options outstanding as at 1 January 2019	Share options granted	Share options forfeited	Share options outstanding as at 31 December 2019	Expiry date
31 December 2013	0.12	1,061,333	–	–	1,061,333	31 December 2023

Details of the share options to subscribe for ordinary shares of the Company granted to directors of the Company pursuant to the Option Scheme are as follows:

Name of director	Share options granted during financial year	Aggregate share options granted since commencement of plan to end of financial year	Aggregate share options forfeited during financial year	Aggregate share options outstanding as at the end of financial year
Chan Heng Fai	–	1,061,333	–	1,061,333
Total	–	1,061,333	–	1,061,333

Since the commencement of the Option Scheme till the end of the financial year:

- No participant has received 5% or more of the total share options available under the Option Scheme.
- No share options that entitled the holder to participate, by virtue of the share options, in any share issue of any other corporations have been granted.
- No share options has been exercised.
- 1,061,333 share options were granted at a discount up to 50% of the market price.

Performance share plan

On 23 October 2014, the Company obtained shareholder's approval at an Extraordinary General Meeting of the Company to adopt the Singapore eDevelopment Limited ("SED") Performance Share Plan (the "Plan"). The Plan is designed to reward, retain and motivate employees to achieve superior performance and whose services are vital to the well–being and success of the Group.

The purpose of adopting the Plan is to give the Company greater flexibility to align the interests of employees with the interests of shareholders and to promote higher performance goals, recognise achievement and retain talents within the Group.

The following person shall be eligible to participate in the Performance Share Plan:

(a) employees of the Group (including Executive Directors of the Group);
(b) any Director of the Company (including Non-Executive Directors); and
(c) Controlling Shareholders and/or their associates who are either employees of the Group or Directors of the Company shall not participate in the Performance Share Plan unless their participation and the actual number of performance shares and the terms of any award of performance shares have been approved by independent Shareholders at a general meeting in separate resolutions.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

Share option scheme and performance share plan (Cont'd)

Performance share plan (Cont'd)

The total number of shares that may be issued or are issuable pursuant to the award of performance shares on any date when added to the aggregate number of shares that are issued or are issuable in respect of such other share based incentive schemes of the Company (if any), shall not exceed 20% (or such other percentage as may be prescribed or permitted from time to time by the SGXST) of the total number of issued shares of the Company on the day immediately preceding the date on which the award of performance shares shall be made, provided that the aggregate number of performance shares which may be awarded to participants who are controlling Shareholders and/or their associates under the Plan shall not exceed 25% of the total number of shares available under the Plan and such other share based incentive schemes of the Company, and the aggregate number of performance shares which may be awarded to each participant who is a controlling Shareholder and/or an associate of a controlling Shareholder under the Plan shall not exceed 10% of the total number of shares available under the Plan and such other share based incentive schemes of the Company.

The awards may only be vested and consequently any performance shares comprised in such awards shall only be delivered upon the Remuneration Committee ("RC") being satisfied that the participant has achieved the performance target(s) and the Plan is awarded before expiry of the prescribed performance period provided always that the RC shall have the absolute discretion to determine the extent to which the performance shares under that award shall be released on the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period. No performance shares under the award shall be released for the portion of the prescribed performance target(s) that is not satisfied by the participant at the end of the prescribed performance period.

The awards represent the right of a participant to receive fully-paid performance shares free of charge. A participant is entitled to receive fully-paid performance shares subject to certain prescribed performance target(s) being met.

The selection of a participant, the number of performance shares which are the subject of each award to be made to him, and the prescribed vesting period shall be determined at the absolute discretion of the RC, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success of and development of the Group and the extent of effort required to achieve the performance target(s) within the performance period.

The award shall be vested in a participant for as long as he has fulfilled his performance target(s) and the vesting period (if any) has not expired and notwithstanding a transfer of his employment within any company in the Group or any apportionment of performance target(s) within any company in the Group.

The Plan shall continue in force at the absolute discretion of the RC, subject to a maximum period of 10 years commencing on 23 October 2014 provided always that the Plan may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

The Plan may be terminated at any time by the RC, or by shareholders by ordinary resolution at a general meeting subject to all approvals or any relevant authorities which may then be required, and if the Plan is so terminated, no further share awards shall be granted by the Company thereunder.

The termination, discontinuance or expiry of the Plan shall not affect the share awards which have been granted in accordance with the rules of the Plan, whether such share awards have been vested (whether fully or partially) or not.

Share awards granted

On 27 March 2020, the Company granted share awards ("Awards") to eligible employees and directors pursuant to the Plan. The number of ordinary shares to be granted under the Awards is 42,779,000.

The Company had on 11 May 2020 and 8 June 2020, allotted and issued 7,500,000 and 35,279,000 new ordinary shares respectively in the capital of the Company (the "New Shares") to the eligible employees and directors pursuant to the vesting of the Awards under the Plan. The New Shares issued shall rank pari passu in all respects with the existing shares of the Company.

On 8 October 2020, the Company has also granted 1,500,000 share awards to Mr. Chan Tung Moe under the Plan. Mr. Chan Tung Moe is required to complete six months of services with the Company. The 1,500,000 share awards shall vest upon fulfillment of 6 months of services from the grant date of 8 October 2020.

	2020
Number of Awards granted during the financial year	**44,279,000**
Number of Awards vested during the financial year	**(42,779,000)**
Number of Awards outstanding as at 31 December	**1,500,000**

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

Audit and Risk Management Committee

The Audit and Risk Management Committee ("ARMC") comprises three non–executive directors who are also independent directors. The Chairman of the ARMC is Mr. Wong Shui Yeung, and the members of the ARMC are Mr. Wong Tat Keung and Mr. Chan King Fai.

The ARMC carried out its functions in accordance with Section 201B(5) of the Act. In performing those functions, the ARMC:

(a) Reviews with the external auditors, the audit plan, the evaluation of the system of internal accounting controls, the audit report, the assistance given by the Company's officers to the external auditors and the scope and results of the internal audit procedures;

(b) Reviews with the internal auditors the internal audit plan, the evaluation of the adequacy of internal accounting controls and the internal audit report before submission of such report to the Board;

(c) Reviews effectiveness of the Group's material internal controls, including financial, operational and compliance controls, information technology controls and risk management systems via reviews carried out by the internal auditors;

(d) Reviews the annual consolidated financial statements of the Group before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Singapore Exchange Securities Trading Limited ("SGX–ST") Listing Manual and any other relevant statutory or regulatory requirements;

(e) Reviews the internal control procedures and ensures co–ordination between the external auditors and the management, reviews the assistance given by the management to the auditors, and discusses problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of the management, where necessary);

(f) Reviews and discusses with the external and internal 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;

(g) Considers the appointment or re–appointment of the external and internal auditors and matters relating to the resignation or dismissal of the auditors;

(h) Reviews interested person transactions (if any) and potential conflicts of interest (if any) falling within the scope of Chapter 9 of the SGX–ST Listing Manual;

(i) Undertakes such other reviews and projects as may be requested by the Board, and reports to the Board its findings from time to time on matters arising and requiring the attention of the ARMC;

(j) Generally undertakes such other functions and duties as may be required by statute or the SGX–ST Listing Manual, or by such amendments as may be made thereto from time to time; and

(k) Reviews the Group's key financial risk areas, with a view to provide independent oversight on the Group's financial reporting, the outcome of such review to be disclosed in the annual reports or, where the findings are material, make announcement immediately via SGXNET.

The ARMC has recommended to the directors the nomination of Foo Kon Tan LLP for re–appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

There are no non–audit services provided by the external auditors to the Group for the financial year ended 31 December 2020. The ARMC has also conducted a review of interested person transactions.

The Company has appointed Asian Alliance Risk Advisory Services Limited (formerly known as Asian Alliance Financial Advisory Services Limited) as its internal auditor in 2020. The Company also noted that there were no material internal audit findings for the financial year ended 31 December 2020.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

Audit and Risk Management Committee (Cont'd)

Based on the internal controls established and maintained by the Group and reviews performed by management, various Board Committees and the Board, in concurrence with the ARMC, are of the view that the Group's internal controls addressing financial, operational, compliance, information technology risks and risk management systems were adequate as at 31 December 2020.

The ARMC convened three meetings during the year with full attendance from all members. The ARMC has also met with internal and external auditors, without the presence of the Company's management, at least once a year.

Further details regarding the ARMC are disclosed in the Corporate Governance Report in the Company's Annual Report.

In appointing our external auditors for the Company, its subsidiaries and significant associated companies, the Company has complied with Rules 712 and 715 of the SGX–ST Listing Manual.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re–appointment.

On behalf of the Directors

....
CHAN HENG FAI

....
WONG SHUI YEUNG

Dated: 12 April 2021

INDEPENDENT AUDITOR'S REPORT

To the members of Alset International Limited (formerly known as Singapore eDevelopment Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Alset International Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 and the statement of financial position 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 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.

<u>Net realisable value of properties under development</u>

Risk:

As of 31 December 2020, the properties under development of the Group amount to $29,365,000 and constitute approximately 23.6% of the Group's total assets and are thus considered significant. The Group's properties under development in the United States of America include Black Oak in Houston, Texas and Ballenger Run in Frederick, Maryland.

Properties under development are held as inventories and are measured at the lower of cost and net realisable value.

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

The determination of the net realisable value of these properties under development requires management to make various assumptions and estimates in deriving the budgeted costs to completion, including selling costs and the estimated selling prices and demand.

The valuation report obtained from the external appraiser on the properties under development in Houston, Texas also highlighted that given the unprecedented set of circumstances due to COVID–19 pandemic on which to base a judgement, less certainty, and a higher degree of caution, should be attached to the valuation than would normally be the case. Due to the unknown future impact that COVID–19 pandemic might have on the industry, the external appraiser has also recommended to keep the valuation of the properties under frequent review.

There is an inherent risk that the estimate of net realisable values exceed future selling prices, resulting in a loss when these properties are sold.

INDEPENDENT AUDITOR'S REPORT

To the members of Alset International Limited (formerly known as Singapore eDevelopment Limited)

Key Audit Matters (Cont'd)

Net realisable value of properties under development (Cont'd)

Our response:

We have evaluated the objectivity and competency of the external appraiser and read the terms of engagement to determine whether there was any limitation in the scope of work or matters that might affect the objectivity of the external appraiser.

We reviewed reasonableness of the inputs used by management in assessing the estimated selling prices of unsold properties under development. The inputs used included recently transacted selling prices of these properties, prices of comparable properties which have been adjusted to that reflective of the Group's properties and management's expectations based on the market and project–specific factors.

We also evaluated the Group's budgeted total development costs, taking into consideration costs incurred to date and estimated costs to completion.

We also engaged the auditor's expert and evaluated that the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. Through our appointed auditor's expert, we considered the appropriateness of the valuation techniques used by the external appraiser for the properties under development in Houston, Texas. We discussed with the external appraiser on the results of their work, and compared the key assumptions used in the valuation by reference to internal historical data and available benchmarks and considered whether these assumptions are consistent with the current market environment. We also obtained an understanding on how the external appraiser has considered the implications of COVID–19 and market uncertainty in the valuation.

Disclosures about the Group's properties under development are made in Note 10 to the consolidated financial statements.

Classification of investment in Document Security Systems, Inc. in accordance to SFRS(I) 10 Consolidated Financial Statements or investment in associate under SFRS(I) 1-28 Investments in Associates and Joint Ventures or an acquisition of a financial asset under SFRS(I) 9 Financial Instruments

Risk:

On 21 April 2020, Global BioMedical Pte. Ltd. ("GBM"), a wholly–owned subsidiary of the Company, entered into a share exchange agreement with DSS BioHealth Security, Inc. ("DBHS"), a wholly owned subsidiary of Document Security Systems, Inc. ("DSS"), a New York Stock Exchange listed entity, pursuant to which, DBHS will acquire the entire equity shares of Impact BioMedical Inc. ("Impact Biomedical"), a subsidiary of GBM, through a share exchange arrangement.

On 21 August 2020, the above transaction was completed. GBM received 483,334 common stocks of DSS and 46,868 convertible preferred stocks of DSS as consideration for the disposal of Impact Biomedical to DBHS.

We considered the accounting for the investment in DSS to be a key audit matter due to the significance of the transaction and the subjectivity and judgement involved in the evaluation of the appropriate classification of the investment. In addition, significant judgement is also required in evaluating whether the share exchange is a transaction with owner in DSS's capacity as equity owner of the Company.

Our response:

Our audit procedures over the accounting for the investment in DSS include:

- Inspected the share exchange agreement and other relevant documents to develop an understanding of the underlying terms, arrangements and the appropriate accounting treatment;
- Evaluated management's assessment on the accounting and classification of the investment in accordance with the relevant SFRS(I) and assessed the Group's determination of whether it has control, significant influence or otherwise accounted for as financial instruments under SFRS(I) 9;
- Reviewed the terms and conditions governing the rights and obligations of each parties to the share exchange agreement and discussed with the Company's legal counsel on the validity and enforceability of the agreement, including the correct interpretation of the stipulated terms and conditions;
- Obtained and inspected the relevant documents to validate that the share exchange transaction has been approved by the Board of Directors and Shareholders' Meeting of both the Company and DSS. We have also further obtained and checked the polling summary results at the EGM of the Company to approve the share exchange transaction to establish that DSS has abstained from voting on the resolution approving the transaction; and
- Evaluated the adequacy of disclosures in the financial statements in light of the requirements of the relevant accounting standards.

Disclosures about the classification of investment in DSS are made in Note 2(d).

INDEPENDENT AUDITOR'S REPORT

To the members of Alset International Limited (formerly known as Singapore eDevelopment Limited)

Key Audit Matters (Cont'd)

Valuation of investment in convertible preferred stocks

Risk:

On 21 April 2020, Global BioMedical Pte. Ltd. ("GBM"), a wholly–owned subsidiary of the Company, entered into a share exchange agreement with DSS BioHealth Security, Inc. ("DBHS"), a wholly owned subsidiary of Document Security Systems, Inc. ("DSS"), a New York Stock Exchange listed entity, pursuant to which, DBHS will acquire the entire equity shares of Impact BioMedical Inc. ("Impact Biomedical"), a subsidiary of GBM, through a share exchange arrangement.

On 21 August 2020, the above transaction was completed. GBM received 483,334 common stocks of DSS and 46,868 convertible preferred stocks of DSS as consideration for the disposal of Impact Biomedical to DBHS. As at 31 December 2020, the investment in convertible preferred stocks of DSS accounted for 40% of the total assets of the Group. Management has engaged independent external valuer to assist the Group in determining the fair value of the investment in convertible preferred stocks. The valuation of the convertible preferred stocks of DSS has been identified as a key audit matter because of the significance of the transaction and complexity involved in the valuation process.

Our response:

We focused on evaluating and challenging the key estimates used by management and external valuer in the valuation of the convertible preferred stocks of DSS. These procedures include:

- Read the terms of engagement of the external valuer and evaluated the work scope, qualifications, competency, objectivity and independence of the external valuer;
- Obtained the external valuation report and discussed with the external valuer to obtain an understanding of their work performed on the asset covering amongst others, the valuation methodology, the key unobservable inputs and the significant judgement and appropriateness of assumptions applied;
- Involved our auditor's expert and evaluated that the auditor's expert has the necessary competence, capabilities and objectivity for our purposes. Through our appointed auditor's expert, we considered the appropriateness of the valuation techniques applied and assessed the reasonableness of the key estimates used by the external valuer in the valuation of the convertible preferred stocks of DSS; and
- Considered the adequacy of the disclosures in the financial statements, about the key assumptions used in the valuation and the relationships between the key unobservable inputs and fair values, in conveying the inherent degree of subjectivity in valuation.

Disclosures about the valuation of investment in convertible preferred stocks are made in Note 11 and Note 34.

Other Information

Management is responsible for the 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.

INDEPENDENT AUDITOR'S REPORT

To the members of Alset International Limited (formerly known as Singapore eDevelopment Limited)

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)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

INDEPENDENT AUDITOR'S REPORT

To the members of Alset International Limited (formerly known as Singapore eDevelopment Limited)

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Chan Ser.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 12 April 2021

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2020

	Note	The Group **31 December 2020 $'000**	The Group 31 December 2019 $'000	The Company **31 December 2020 $'000**	The Company 31 December 2019 $'000
ASSETS					
Non–Current Assets					
Property, plant and equipment	4	**113**	108	**21**	1
Right–of–use assets	5	**257**	272	**74**	74
Other investments	6	**203**	450	**–**	–
Investment in subsidiaries	7	**–**	–	**210**	–
Investment in associates	8(a)	*****	–	**–**	–
Investment in joint venture	8(b)	**–**	–	**–**	–
		573	830	**305**	75
Current Assets					
Trade and other receivables	9	**2,953**	1,312	**39,458**	40,188
Prepaid operating expenses		**94**	143	**37**	34
Properties under development	10	**29,365**	34,553	**–**	–
Investment securities	11	**59,963**	577	**21**	21
Derivative asset	12	**1,140**	–	**–**	–
Bank deposits pledged	13	**7,624**	5,862	**–**	–
Cash and cash equivalents	13	**22,365**	3,877	**16,133**	578
Inventory		**119**	300	**–**	–
		123,623	46,624	**55,649**	40,821
Total Assets		**124,196**	47,454	**55,954**	40,896
EQUITY					
Share capital	14	**131,985**	104,924	**131,985**	104,924
Capital reserve	14(a)	**1,613**	2,034	**(1,117)**	–
Merger reserve	14(b)	**1,480**	1,480	**–**	–
Employee share option reserve	14(c)	**215**	173	**215**	173
Fair value reserve		**–**	(40)	**–**	–
Foreign currency translation reserve	14(d)	**56**	(46)	**–**	–
Accumulated losses		**(26,922)**	(83,215)	**(78,745)**	(74,582)
Equity attributable to owners of the Company		**108,427**	25,310	**52,338**	30,515
Non–controlling interests		**2,417**	(381)	**–**	–
Total Equity		**110,844**	24,929	**52,338**	30,515
LIABILITIES					
Non–Current Liabilities					
Trade and other payables	15	**–**	694	**–**	–
Loan and borrowings	16	**841**	–	**–**	–
		841	694	**–**	–
Current Liabilities					
Trade and other payables	15	**12,026**	20,776	**3,542**	10,307
Income tax payable		**–**	566	**–**	–
Lease liabilities	17	**257**	278	**74**	74
Loans and borrowings	16	**228**	211	**–**	–
		12,511	21,831	**3,616**	10,381
Total Liabilities		**13,352**	22,525	**3,616**	10,381
Total Equity and Liabilities		**124,196**	47,454	**55,954**	40,896

*Less than $1,000

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	**Year ended 31 December 2020 $'000**	Year ended 31 December 2019 $'000 (Restated)*
Continuing operations			
Revenue	3	**25,046**	30,594
Cost of sales		**(22,375)**	(28,104)
Gross profit		**2,671**	2,490
Other operating income	18	**1,609**	1,179
Marketing expenses		**–**	(3)
Administrative expenses		**(5,617)**	(4,715)
Other operating expenses	19	**(6,107)**	(8,741)
Results from operating activities		**(7,444)**	(9,790)
Finance income	20	**20**	71
Finance costs	21	**(234)**	(718)
Net finance costs		**(214)**	(647)
Share of joint venture's results (net of tax)		**–**	–
Loss before taxation	22	**(7,658)**	(10,437)
Income tax	25	**(19)**	(588)
Loss from continuing operations, net of tax		**(7,677)**	(11,025)
Discontinued operations			
Profit / (loss) from discontinued operations	26	**63,743**	(2,615)
Profit / (loss) for the year		**56,066**	(13,640)
Other comprehensive income/ (loss)			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences		**219**	(17)
Items that will not be reclassified subsequently to profit or loss			
Fair value gain of equity instruments at FVOCI		**40**	5
Other comprehensive income / (loss) for the year, net of nil tax		**259**	(12)
Total comprehensive income / (loss) for the year		**56,325**	(13,652)
Profit / (loss) for the year attributable to			
- Owners of the Company		**56,293**	(13,094)
- Non–controlling interests		**(227)**	(546)
		56,066	(13,640)
Total comprehensive income / (loss) attributable to:			
- Owners of the Company		**56,405**	(13,108)
- Non–controlling interests		**(80)**	(544)
Total comprehensive income/ (loss) for the year		**56,325**	(13,652)
Earnings / (loss) per share attributable to owners of the Company (cents per share)			
– Basic	27	**4.15**	(1.19)
– Diluted	27	**1.60**	(1.19)
Earnings / (loss) per share attributable to owners of the Company – Continuing operations (cents per share)			
– Basic	27	**(0.57)**	(1.05)
– Diluted	27	**(0.57)**	(1.05)

*Comparative information has been re–presented due to discontinued operations.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

The Group	← Attributable to equity holders of the Company							→		
	Share capital $'000	Capital reserve $'000	Merger reserve $'000	Employee share option reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Equity attributable to owners of the Company $'000	Non–controlling interests $'000	Total equity $'000
At 1 January 2020	**104,924**	**2,034**	**1,480**	**173**	**(40)**	**(46)**	**(83,215)**	**25,310**	**(381)**	**24,929**
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	56,293	56,293	(227)	56,066
Other comprehensive income:										
Fair value gain of equity instruments at FVOCI	–	–	–	–	40	–	–	40	–	40
Foreign currency translation differences, net of nil tax	–	–	–	–	–	72	–	72	147	219
Total comprehensive income for the year	–	–	–	–	40	72	56,293	56,405	(80)	56,325
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Issuance of new ordinary shares pursuant to exercise of 2016 warrants (Note 14)	11,868	–	–	–	–	–	–	11,868	–	11,868
Issuance of new ordinary shares pursuant to exercise of 2017 warrants (Note 14)	12,792	–	–	–	–	–	–	12,792	–	12,792
Recognition of share–based payment	–	–	–	1,326	–	–	–	1,326	–	1,326
Exercise of share awards	2,401	(1,117)	–	(1,284)	–	–	–	–	–	–
Disposal of a subsidiary without change in control (Note 7d)	–	696	–	–	–	–	–	696	–	696
Disposal of subsidiaries (Note 7e,7f)	–	–	–	–	–	30	–	30	3,422	3,452
Dividends paid to non–controlling interests	–	–	–	–	–	–	–	–	(544)	(544)
Total contributions by and distributions to owners and total transactions with owners	27,061	(421)	–	42	–	30	–	26,712	2,878	29,590
At 31 December 2020	**131,985**	**1,613**	**1,480**	**215**	**–**	**56**	**(26,922)**	**108,427**	**2,417**	**110,844**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

The Group	Attributable to equity holders of the Company									
	Share capital $'000	Capital reserve $'000	Merger reserve $'000	Employee share option reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Accumulated losses $'000	Equity attributable to owners of the Company $'000	Non–controlling interests $'000	Total equity $'000
At 1 January 2019	102,425	1,653	1,480	173	(45)	10	(70,121)	35,575	1,539	37,114
Total comprehensive loss for the year										
Loss for the year	–	–	–	–	–	–	(13,094)	(13,094)	(546)	(13,640)
Other comprehensive loss:	–	–	–	–	–	–	–	–	–	–
Fair value gain of equity instruments at FVOCI	–	–	–	–	5	–	–	5	–	5
Foreign currency translation differences, net of nil tax	–	–	–	–	–	(19)	–	(19)	2	(17)
Total comprehensive loss for the year	–	–	–	–	5	(19)	(13,094)	(13,108)	(544)	(13,652)
Transactions with owners, recognised directly in equity										
Contributions by and distributions to owners										
Issuance of new ordinary shares pursuant to exercise of 2016 warrants (Note 14)	2,499	–	–	–	–	–	–	2,499	–	2,499
Disposal of subsidiaries without change in control (Note 7d)	–	381	–	–	–	–	–	381	63	444
Disposal of a subsidiary	–	–	–	–	–	(37)	–	(37)	–	(37)
Dividends paid to non–controlling interests	–	–	–	–	–	–	–	–	(1,439)	(1,439)
Total contributions by and distributions to owners and total transactions with owners	2,499	381	–	–	–	(37)	–	2,843	(1,376)	1,467
At 31 December 2019	104,924	2,034	1,480	173	(40)	(46)	(83,215)	25,310	(381)	24,929

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	**Year ended 31 December 2020 $'000**	Year ended 31 December 2019 $'000
Cash Flows from Operating Activities			
Profit/ (loss) before taxation		**56,085**	(13,052)
Adjustments for:			
Depreciation of property, plant and equipment	4,22	**33**	37
Depreciation of right–of–use assets	5,22	**437**	375
Write down of properties under development	10,19	**–**	7,140
Gain on disposal of property, plant and equipment	18	**(4)**	–
Fair value gain on derivative asset	12,18	**(1,140)**	–
Equity–settled share–based payment transactions		**1,326**	–
Withholding tax expenses	19	**499**	570
Net fair value losses on investment securities at FVTPL	19	**4,122**	479
Unrealised exchange loss	19	**867**	446
Finance income	20	**(20)**	(71)
Interest expense from loans and borrowings	21	**200**	659
Interest expense on lease liabilities	21	**8**	18
Amortisation of transaction costs	21	**26**	65
Excess cash consideration paid over net assets acquired written off	19	**–**	114
Share of result from joint venture	8b	**–**	51
Gain on disposal of subsidiaries	7e, 7f,7g	**(64,403)**	(396)
Operating results before working capital changes		**(1,964)**	(3,565)
Change in trade and other receivables		**(2,137)**	209
Change in prepaid operating expenses		**49**	(17)
Change in inventory		**99**	(29)
Change in properties under development		**4,520**	14,765
Change in properties held for sales		**–**	186
Change in trade and other payables and contract liabilities		**2,408**	(2,368)
Cash generated from operations		**2,975**	9,181
Income tax paid		**(585)**	–
Net cash generated from operating activities		**2,390**	9,181
Cash Flows from Investing Activities			
Purchase of property, plant and equipment	4	**(41)**	(5)
Proceeds from disposal of property, plant and equipment		**5**	–
Investment in other investment		**(136)**	–
Investment in joint venture		**–**	(48)
Interest received		**20**	71
Proceeds from partial disposal of subsidiaries	7d	**696**	444
Proceeds from disposal of other investment		**423**	–
Purchases of Investment securities		**(170)**	–
Net cash outflow on disposal of subsidiaries	7e, 7f,7g	**(158)**	(42)
Net cash outflow on acquisition of subsidiary	7h	**–**	(104)
Net cash generated from investing activities		**639**	316
Cash Flows from Financing Activities			
Proceeds from loans and borrowings (Note A)		**795**	–
Proceeds from issuance of ordinary shares	14	**24,660**	2,499
Advances from directors (Note A)		**1,681**	310
Repayment to directors (Note A)		**(8,540)**	(5,744)
Principal element of lease payment (Note A)		**(442)**	(369)
Repayment of lease interest (Note A)		**(8)**	(18)
Repayment of loans and borrowings (Note A)		**–**	(19)
Repayment of corporate bond (Note A)		**–**	(1,986)
Dividends paid to non–controlling interests		**(544)**	(1,439)
Increase in bank deposits pledged		**(1,762)**	(627)
Interest paid (Note A)		**(191)**	(175)
Net cash generated from / (used in) financing activities		**15,649**	(7,568)
Net increase in cash and cash equivalents		**18,678**	1,929
Effect of exchange rate changes on cash and cash equivalents		**(190)**	(105)
Cash and cash equivalents at beginning of year		**3,877**	2,053
Cash and cash equivalents at end of year	**13**	**22,365**	3,877

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

Reconciliation of liabilities arising from financing activities, excluding equity items

Note A:

	At the beginning of the year	Cash Flow: Repayment of loans	Cash Flow: Proceeds from loans and advances	Cash Flow: Interest paid	Cash Flow: Principal element of lease payments	Non–cash Change: Adoption of SFRS(I) 16	Non–cash Change: New leases	Non–cash Change: Interest expenses	Non–cash Change: Amortisation of transaction costs	Non–cash Change: Disposal of a subsidiary	Non–cash Change: Foreign exchange movement	At the end of the year
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2020												
Loans and borrowings	**211**	**–**	**795**	**(11)**	**–**	**–**	**–**	**31**	**26**	**–**	**17**	**1,069**
Lease liabilities	**278**	**–**	**–**	**(8)**	**(442)**	**–**	**426**	**8**	**–**	**–**	**(5)**	**257**
Amount due to directors	**7,575**	**(8,540)**	**1,681**	**(180)**	**–**	**–**	**–**	**180**	**–**	**(698)**	**1**	**19**
2019												
Loans and borrowings	235	(19)	–	(5)	–	–	–	5	–	–	(5)	211
Corporate bond	1,986	(1,986)	–	(146)	–	–	–	146	65	–	(65)	–
Lease liabilities	–	–	–	(18)	(369)	470	177	18	–	–	–	278
Amount due to directors	12,565	(5,744)	310	(24)	–	–	–	513	–	–	(45)	7,575

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

1 General Information

The financial statements of the Company and of the Group for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the directors on the date of the Directors' Statement.

The Company is incorporated as a limited liability company and domiciled in the Republic of Singapore. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX–ST") on 5 July 2010.

The registered office and principal place of business of the Company is located at 7 Temasek Boulevard #29–01B, Suntec Tower One, Singapore 038987.

The immediate holding company is HengFai Business Development Pte. Ltd which is incorporated in Singapore. The ultimate holding company is HFE Holdings Limited which is incorporated in Hong Kong.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 7.

With effect from 9 September 2020, the name of the Company was changed from Singapore eDevelopment Limited to Alset International Limited.

2(a) Basis of preparation

The financial statements are drawn up in accordance with the provisions of the Act and SFRS(I) including related interpretations promulgated by the Accounting Standards Council, and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars which is the Company's functional currency. All financial information is presented in Singapore dollars, rounded to the nearest thousand ($'000), unless otherwise stated.

2(b) Adoption of new and revised SFRS(I) effective for the current financial year

On 1 January 2020, the Group and the Company have adopted all the new and revised SFRS(I), SFRS(I) interpretations ("SFRS(I) INT") and amendments to SFRS(I), effective for the current financial year that are relevant to them. The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods.

Reference	Descriptions	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 3	Definition of a Business	1 January 2020
Amendments to SFRS(I) 1–1 and SFRS(I) 1–8	Definition of Material	1 January 2020
Revised Conceptual Framework for Financial Reporting		1 January 2020

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(b) Adoption of new and revised SFRS(I) effective for the current financial year (Cont'd)

Amendments to SFRS(I) 3 Definition of a Business

The amendments clarify that, while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets.

The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020. There is no material impact to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1–1 and SFRS(I) 1–8 Definition of Material

The amendments include clarifications to the definition of 'material' and the related guidance:

- the threshold of 'could influence' has been replaced with 'could reasonably be expected to influence';
- the term of 'obscuring information' has been included in the definition of 'material' to incorporate the existing concept in SFRS(I) 1–1 and examples have been provided of circumstances that may result in information being obscured; and
- the scope of 'users' has been clarified to mean the primary users of general purpose financial statements and their characteristics have been defined.

The amendments are applied prospectively and are effective for annual periods beginning on or after 1 January 2020. There is no material impact to the Group's and the Company's financial statements on initial application.

Revised Conceptual Framework for Financial Reporting

The purpose of the *Conceptual Framework* is to assist in developing financial reporting standards. The *Conceptual Framework* is not a standard itself and none of the concepts contained therein override the requirements in any standard. The main changes to the *Conceptual Framework*'s principles have implications for how and when assets and liabilities are recognised and derecognised in the financial statements. These revisions affect those entities which had developed their accounting policies based on the *Conceptual Framework* in the absence of specific SFRS(I) requirements. In such cases, the entities shall review those policies and apply the new guidance retrospective for annual periods beginning on or after 1 January 2020.

Some SFRS(I), their accompanying documents and SFRS(I) practice statements contain references to, or quotations from the *Conceptual Framework*. The *Amendments to References to the Conceptual Framework in SFRS(I)*, issued together with the revised *Conceptual Framework*, sets out updates to SFRS(I), their accompanying documents and SFRS(I) practice statements to reflect the issue of the revised *Conceptual Framework*. These amendments are effective for annual periods beginning on or after 1 January 2020.

There is no material impact to the Group's and the Company's financial statements on initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(c) New and revised SFRS(I) in issue but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I), SFRS(I) INT and amendments to SFRS(I) that have been issued but are not yet effective to them.

Reference	Description	Effective date (Annual periods beginning on or after)
Amendments to SFRS(I) 16	COVID–19 Related Rent Concessions	1 June 2020
Amendments to SFRS(I) 9, SFRS(I) 1–39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to SFRS(I) 3	Reference to the Conceptual Framework	1 January 2022
Amendments to SFRS(I) 1–16	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Annual Improvements to SFRS(I)s 2018–2020:		
Amendments to SFRS(I) 1	Subsidiary as a First–time Adopter	1 January 2022
Amendments to SFRS(I) 9	Fees in the ‘10 per cent’ Test for Derecognition of Financial Liabilities	1 January 2022
Amendments to SFRS(I) 16	Lease Incentives	1 January 2022
Amendments to SFRS(I) 1–41	Taxation in Fair Value Measurements	1 January 2022
Amendments to SFRS(I) 1–1	Classification of Liabilities as Current or Non–current	1 January 2023

Amendments to SFRS(I) 16 COVID–19 Related Rent Concessions

The amendments provide relief to lessees from applying SFRS(I) 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Coronavirus Disease 2019 (“COVID–19”) pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID–19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID–19 related rent concession the same way it would account for the change under SFRS(I) 16 if the change were not a lease modification. The amendments are applicable on a modified retrospective basis for annual reporting periods beginning on or after 1 June 2020. Early application is permitted.

It is currently impractical to disclose any further information on the known or reasonably estimable impact to the Group’s and the Company’s financial statements in the period of initial application.

Amendments to SFRS(I) 9, SFRS(I) 1–39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2

The amendments address issues that might affect financial reporting after the reform of an interest rate benchmark, including its replacement with alternative benchmark rates. The changes relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying SFRS(I) 7 to accompany the amendments regarding modifications and hedge accounting.

On modification of financial assets, financial liabilities and lease liabilities, a practical expedient is available to allow for modifications required by the Interbank Offered Rate (“IBOR”) reform as a direct consequence and made on an economically equivalent basis to be accounted for by updating the effective interest rate prospectively. All other modifications are accounted for using current SFRS(I) requirements. A similar practical expedient is provided for lessee accounting applying SFRS(I) 16. SFRS(I) 4 is also amended to require insurers that apply the temporary exemption from SFRS(I) 9 to apply the amendments in accounting for modifications directly required by the reform.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(c) New and revised SFRS(I) in issue but not yet effective (Cont'd)

Amendments to SFRS(I) 9, SFRS(I) 1–39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16 Interest Rate Benchmark Reform – Phase 2 (Cont'd)

On hedge accounting, certain amendments are made to generally permit hedge accounting continuation solely because of the IBOR reform provided that the amended hedging relationships meet all the qualifying criteria to apply hedge accounting including effectiveness requirements. The amendments enable entities to amend the formal designation and documentation of a hedging relationship to reflect changes required by the IBOR reform without discontinuing the hedging relationship or designating a new hedging relationship. Permitted changes include designating an alternative benchmark rate (contractually or non–contractually specified) as a hedged risk, amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged, or amending the description of the hedging instrument to refer to an alternative benchmark rate, and for those applying SFRS(I) 1–39, amending the description of how the entity shall assess hedge effectiveness.

Amendments to SFRS(I) 7 outline disclosure requirements to allow users to understand the nature and extent of risks arising from the IBOR reform to which the entity is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from IBOR to alternative benchmark rates, and how the entity is managing this transition.

The amendments are effective for annual periods beginning on or after 1 January 2021 with early application permitted. The amendments apply retrospectively but provide relief from restating comparative information. An entity may restate prior period figures if, and only if, it is possible to do so without the use of hindsight.

It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's and the Company's financial statements in the period of initial application.

Amendments to SFRS(I) 3 Reference to the Conceptual Framework

The amendments update SFRS(I) 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Conceptual Framework. According to the amendments, for obligations within the scope of SFRS(I) 1–37, the acquirer shall apply SFRS(I) 1–37 to determine whether a present obligation exists at the acquisition date as a result of past events, and for a levy within the scope of SFRS(I) INT 21 Levies, the acquirer shall apply SFRS(I) INT 21 to determine whether the obligating event giving rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer shall not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if the entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Amendments to SFRS(I) 1–16 Property, Plant and Equipment – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. An entity shall recognise such sales proceeds and related costs in profit or loss and measure the cost of those items in accordance with SFRS(I) 1–2 *Inventories*.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly' and specify this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(c) New and revised SFRS(I) in issue but not yet effective (Cont'd)

Amendments to SFRS(I) 1–16 Property, Plant and Equipment – Proceeds before Intended Use (Cont'd)

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted. The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

Annual Improvements to SFRS(I)s 2018–2020

The annual improvements include amendments to the following SFRS(I):

(i) Amendments to SFRS(I) 1 Subsidiary as a First–time Adopter

The amendments provide additional exemption relief to a subsidiary which becomes a first–time adopter of SFRS(I) later than its parent in respect of accounting for cumulative translation differences. As a result of the amendments, a subsidiary that uses the exemption can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to SFRS(I), if no adjustments were made for consolidation procedures and the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

(ii) Amendments to SFRS(I) 9 Fees in the '10 per cent' Test for Derecognition of Financial Liabilities

The amendments clarify that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity shall include only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendments are applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendments. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

(iii) Amendments to SFRS(I) 16 Lease Incentives

The amendments remove the illustration of the reimbursement of leasehold improvements. As the amendments are only with regards to an illustrative example, no effective date is stated.

(iv) Amendments to SFRS(I) 1–41 Taxation in Fair Value Measurements

The amendments remove the requirement for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in SFRS(I) 1–41 with the requirements of SFRS(I) 13 *Fair Value Measurement* to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre–tax or post–tax cash flows and discount rates for the most appropriate fair value measurement. The amendments are applied prospectively i.e. for fair value measurements on or after the date an entity initially applies the amendments. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

In respect of the above amendments to SFRS(I), there is no material impact expected to the Group's and the Company's financial statements on initial application.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(c) New and revised SFRS(I) in issue but not yet effective (Cont'd)

Amendments to SFRS(I) 1–1 Classification of Liabilities as Current or Non–current

The amendments affect only the presentation of liabilities as current or non–current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non–current is based on the rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise the right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.

There is no material impact expected to the Group's and the Company's financial statements on initial application.

2(d) Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The critical accounting estimates and assumptions used and areas involving a significant judgement are described below.

Impact of COVID–19

The ongoing and evolving COVID–19 pandemic has a significant impact on the global economy and the economies of the countries in which the Group operates in. There is significant uncertainty as to the duration of the pandemic and its impact on these economies. In regard to the Group, the impact and consideration of COVID–19 have been identified on the valuation of properties under development.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

Significant judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

(a) Determination of whether the share exchange transaction with DBHS constitutes an investment in subsidiary under SFRS(I) 10 Consolidated Financial Statements or investment in associate under SFRS(I) 1–28 Investments in Associates and Joint Ventures or an acquisition of a financial asset under SFRS(I) 9 Financial Instruments

During the financial year ended 31 December 2020, Global BioMedical Pte. Ltd. ("GBM"), a wholly–owned subsidiary of the Company, entered into a share exchange agreement with DSS BioHealth Security, Inc. ("DBHS"), a wholly owned subsidiary of Document Security Systems, Inc. ("DSS"), a New York Stock Exchange listed entity, pursuant to which, DBHS will acquire the entire equity shares of Impact BioMedical Inc. ("Impact Biomedical"), a subsidiary of GBM, through a share exchange arrangement.

On 21 August 2020, the above transaction was completed. GBM received 483,334 common stocks of DSS and 46,868 convertible preferred stocks of DSS as consideration for the disposal of Impact Biomedical to DBHS. The acquisition accounting for such transaction requires management to exercise significant judgement in determining whether the transaction represents an acquisition of an investment in a subsidiary or an associate or an acquisition of a financial asset.

The Group accounts for an acquisition as a subsidiary when it has the power over the investee and has exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. The Group accounts for an acquisition as an investment in associate where the Group exercises significant influence over the investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over these policies. The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries.

On the other hand, financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the instruments.

The Group's 19.92% equity interest in the investee, DSS, does not meet the default presumption of 20% for significant influence. In addition, the Group does not have the power to veto significant financial and operating decisions of the investee. Therefore, management has concluded that the Group does not have significant influence over the investee and has accounted for the transaction as an acquisition of a financial asset.

(b) Evaluation of whether the share exchange transaction with DBHS constitutes a transaction with owner

The completion of the disposal of the equity shares in Impact Biomedical to DBHS contemplated under the share exchange agreement is subject to a number of customary conditions. The key condition include, inter alia, the Company having obtained approvals from its shareholders and DSS having obtained approvals from its stockholders.

As DSS is also a shareholder of the Company, DSS and its associates have abstained from voting on the ordinary resolution relating to this share exchange transaction. In addition, DSS and its associates have also refrained from accepting nominations as proxy or otherwise vote at the extraordinary general meeting in respect of the ordinary resolution relating to the share exchange transaction.

In view of the above, management has assessed that the consideration for the share exchange transaction is arrived at arm's length and on a willing buyer and willing seller basis. As such, the gain on disposal of the subsidiary i.e. Impact Biomedical is recognised directly in profit or loss.

(c) Carrying amount of properties under development (Note 10)

Significant judgement is required in assessing the recoverability of the carrying value of properties under development. The determination of the net realisable value of these properties under development required management to make various assumptions and estimates in deriving the budgeted cost to complete the development, the estimated cost to sell and the estimated selling prices. Net realisable value in respect of properties under development is assessed with reference to market price less estimated costs on completion and estimated cost to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(d) Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

Significant judgements in applying accounting policies (Cont'd)

(d) Impairment of financial assets (Note 9)

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past historical experience, existing market conditions as well as forward–looking estimates at the end of each reporting period. The carrying amounts of the Group's and the Company's trade and other receivables at the end of the reporting period are disclosed in Note 9 to the financial statements.

The Company held non–trade receivables from its subsidiaries that are repayable on demand of $73,811,000 (2019 – $72,007,000) as at the reporting date. These balances are amounts extended to the subsidiaries to satisfy their short–term funding requirements. The impairment of the amounts due from subsidiaries is based on the expected loss model using general approach which considers the availability of highly accessible liquid assets of the subsidiaries to repay these amounts if demanded repayment at the reporting date. As a result of management's assessment, an impairment allowance of $34,384,000 (2019 – $31,850,000) was provided for at the reporting date.

(e) Determination of operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. The Group determines and presents operating segments based on information that is provided internally to the Chief Operating Decision Maker ("CODM"). All operating segments' operating results are reviewed regularly by the CODM to make decision about resources to be allocated to the segments and assess its performance, and for which discrete financial information is available.

Key sources of estimation uncertainty

(a) Fair value of investment in convertible preferred stocks in DSS

Investment in convertible preferred stocks is measured at fair value for financial reporting purposes. The management, together with the assistance of an independent and qualified external appraiser engaged by the Group, determine the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of the investment in convertible preferred stocks, the Group uses market–observable data to the extent it is available. The management works closely with the qualified external appraiser to establish the appropriate valuation techniques and inputs to the model.

A 2% reasonably change in the key assumption used i.e. discount for the lack of marketability to the fair value of the investment in convertible preferred stocks from management's estimates would result in approximately $1,142,000 variance to the Group's result for the financial year.

Information about the valuation techniques and inputs used in determining the fair value of the investment is disclosed in Note 34.

(b) Fair value of derivative financial instrument

During the financial year ended 31 December 2020, Biohealth Water Inc. ("Biohealth Water"), a wholly–owned subsidiary of the Group, entered into a securities purchase agreement with American Premium Water Corporation ("APW") which is incorporated in Nevada, the United States of America, for the purchase of 122,039,000 shares of the entity's common stock which represented approximately 9.99% of the total issued and paid–up common stock of APW on an enlarged basis; and warrants exercisable into 1,220,390,000 shares of the investee. Pursuant to this acquisition, the Group has engaged an independent professional valuer who has adopted the Binomial Option Pricing Model in estimating the fair value of the warrants. Significant judgement is required in determining the appropriateness of the assumptions used in the fair valuation of the warrants. A reasonable change of 2% in the key assumption used i.e. discount for the lack of marketability to the fair value of the derivative from management's estimates would not result in a material impact to the Group's result for the financial year.

Information about the valuation techniques and inputs used in determining the fair value of the derivative financial instrument is disclosed in Note 34.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(e) Summary of significant accounting policies

The accounting policies used by the Group have been applied consistently to all periods presented in these financial statements.

Certain comparative amounts have been represented due to discontinued operations during the current year (see Note 26).

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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non–controlling interests. Total comprehensive income of subsidiaries and investees are attributed to the owners of the Company and to the non–controlling interests even if this results in the non–controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries or investees to bring their accounting policies in line with the Group's accounting policies.

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. Thus, the Group controls an investee if, and only if, the Group has all of the following:

(i) power over the investee;

(ii) exposure, or rights to variable returns from its involvement with the investee; and

(iii) the ability to use its power over the investee to affect its returns

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- The size of the Group's holding of the voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Group, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(e) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Non–controlling interests

Non–controlling interests represent the equity in subsidiary not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income, and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Acquisition of non–controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non–controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Changes in ownership interests in subsidiaries without change of control

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interest and the non–controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non–controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

Changes in ownership interests in subsidiaries with change of control

When the Group loses control of a subsidiary, it:

- De–recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- De–recognises the carrying amount of any non–controlling interest;
- De–recognises 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 gain or loss in profit or loss; and
- Reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A gain or loss is recognised in profit or loss and is calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non–controlling interest.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)).

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under SFRS(I) 9 or when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

Business combination

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non–controlling interest in the acquiree on an acquisition–by–acquisition basis, either at fair value or at the non–controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(e) Summary of significant accounting policies (Cont'd)

Consolidation (Cont'd)

Acquisition–related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re–measured to fair value at the acquisition date; any gains or losses arising from such re–measurement are recognised in profit or loss. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with SFRS(I) 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re–measured, and its subsequent settlement is accounted for within equity.

Goodwill

The excess of the consideration transferred, the amount of any non–controlling interest in the acquiree and the acquisition–date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill.

Bargain purchase

If the total of consideration transferred, non–controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Common control business combination outside the scope of SFRS(I) 3

A business combination involving entities under common control is a business combination in which all the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Accordingly, the assets and liabilities of these entities have been accounted for at historical amounts in the consolidated financial statements.

In applying pooling–of–interest accounting, financial statements items of the combining entities or businesses of the reporting period in which the common control combination occurs are included in the consolidated financial statements of the combined entities as if the combination had taken place at the beginning of the earliest comparative period presented and for this purpose, no restatement is made to the comparative information.

A single uniform set of accounting policies is adopted by the combined entity. Therefore, the combined entity recognised the assets, liabilities and equity of the combining entities of businesses at the carrying amounts in the consolidated financial statements of the controlling party or parties prior to the common control combination. The carrying amounts are included as if such consolidated financial statements had been prepared by the controlling party, including adjustments required for conforming to the combined entity's accounting policies and applying those policies to all period presented. There is no recognition of any goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over consideration transferred at the time of the common control combination.

The effects of all transactions between the combining entities or businesses, whether occurring before or after the combination, are eliminated in preparing the consolidated financial statements of the combined entity.

Subsidiaries

Subsidiaries are entities controlled by the Company. In the Company's separate statement of financial position, subsidiaries are stated at cost less any impairment losses on an individual subsidiary basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(e) Summary of significant accounting policies (Cont'd)

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right–of–use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short–term leases (defined as leases with a lease term of twelve months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight–line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

(i) Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right–of–use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in–substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that trigger those lease payments.

For all contracts that contain both lease and non–lease components, the Group has elected to not separate lease and non–lease components and account these as one single lease component.

The lease liabilities are presented as a separate line item in the statements of financial position.

The lease liability is subsequently measured at amortised cost, by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (with a corresponding adjustment to the related right–of–use asset or to profit or loss if the carrying amount of the right–of–use asset has already been reduced to nil) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(e) Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

The Group as lessee (Cont'd)

(ii) Right–of–use asset

The right–of–use asset comprises the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1–37. To the extent that the costs relate to a right–of–use asset, the costs are included in the related right–of–use asset, unless those costs are incurred to produce inventories.

Depreciation on right–of–use assets is calculated using the straight–line method to allocate their depreciable amounts over the shorter period of lease term and useful life of the underlying asset, as follows:

Use of office premises: over lease term of 2 years

If a lease transfers ownership of the underlying asset or the cost of the right–of–use asset reflects that the Group expects to exercise a purchase option, the related right–of–use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right–of–use assets are presented as a separate line item in the statements of financial position.

The Group applies SFRS(I) 1–36 to determine whether a right–of–use asset is impaired and accounts for any identified impairment loss.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed utilising the straight–line method to allocate their depreciable amount of the asset over their estimated useful lives as follows:

Motor vehicles	10 years
Furniture and fittings	3 – 5 years
Renovation	3 years
Office and computer equipment	3 – 5 years

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

Depreciation is recognised from the date that the property, plant and equipment are ready to use.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at end of each reporting period as a change in estimates.

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(e) Summary of significant accounting policies (Cont'd)

Properties under development

Properties under development are properties 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.

Properties under development are held as inventories and are measured at the lower of cost and net realisable value.

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

The costs of properties under development recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold.

Properties for sale

Properties for sale are acquired with the intention for sale in the ordinary course of business.

Properties for sale are stated at the lower of cost or net realisable value. Related acquisition expense, interest and other related expenditure are capitalised as part of the cost of properties for sale. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first–in, first–out method and includes all costs in bringing the inventories to their present location and condition.

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

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes party to the contractual provisions of the instruments.

The classification of financial assets, at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs.

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.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI) on the principal amount outstanding." This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchase or sales of financial assets that required delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(e) Summary of significant accounting policies (Cont'd)

Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income ("OCI") with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

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.

Subsequent measurement of debt instruments depends on the Group's business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual cash terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding on the asset.

The Group's financial assets at amortised cost include trade and other receivables (excluding prepayments), bank deposits pledged and cash and cash equivalents.

Fair value through other comprehensive income ("FVOCI") (debt instruments)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de–recognised. The Group does not hold any of such financial asset.

Financial assets designated at fair value through other comprehensive income ("OCI") (equity instruments)

On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. The classification is determined on an instrument–by–instrument basis. The Group subsequently measures its qualifying equity instrument designated at FVOCI at fair value. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

Changes in fair value of these financial assets designated at FVOCI (equity instruments) recognised in OCI are never recycled to profit or loss. The Group has elected to classify irrevocably its unquoted equity investments under this category.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(e) Summary of significant accounting policies (Cont'd)

Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Subsequent measurement (Cont'd)

Financial assets at fair value through profit and loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. A gain or loss on a debt instruments 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. Interest income from these financial assets is included in the finance income.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss. This category includes quoted equity securities and convertible preferred stocks which the Group had not irrevocably elected to classify at FVOCI. It also includes derivative financial asset that has not been designated as effective hedging instrument. Dividends on quoted equity instruments are also recognised as other income in the statement of comprehensive income when the right of payment has been established.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass–through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass–through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(e) Summary of significant accounting policies (Cont'd)

Financial instruments (Cont'd)

(a) Financial assets (Cont'd)

Impairment of financial assets

The Group assesses on a forward–looking basis the expected credit losses ("ECLs") associated with its debt instrument assets carried at amortised cost. 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 for 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 ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECLs).

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

The Group considers a financial asset in default when contractual payments are 60 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Credit–impaired financial assets

A financial asset is credit–impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit–impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Write–off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings). Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Derivative financial instruments

In the course of business, the Group may acquire minority equity interests in companies with potential business growth as part of its investment business strategy. The Group may also negotiate to have the option or right to purchase or sell the underlying shares of the investee at a certain price before the warrant expires. Derivative financial instruments are recognised initially at fair value and attributable transaction costs are recognised in the profit or loss as incurred. Subsequent to initial recognition, derivative financial instruments are measured at fair value, and changes therein are recognised in the profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(e) Summary of significant accounting policies (Cont'd)

Financial instruments (Cont'd)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised initially at fair value less directly attributable transaction costs. The Group's financial liabilities comprise trade and other payables (excluding deposits received, withholding tax payable and contract liabilities), loans and borrowings and lease liabilities.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by SFRS(I) 9. Separate embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in SFRS (I) 9 are satisfied. The Group has not designated any financial liability as fair value through profit or loss.

<u>Other financial liabilities at amortised cost</u>

Other financial liabilities are initially measured at fair value less directly attributable transaction costs and subsequently measured at amortised cost, using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at bank and short–term deposits with financial institutions that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in values. For the purposes of the consolidated statement of cash flows, cash and cash equivalents are shown net of bank deposits pledged.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(e) Summary of significant accounting policies (Cont'd)

Share capital and share issuance expenses

Ordinary shares are classified as equity.

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.

Borrowing costs

Borrowing costs incurred to finance the development of properties are capitalised for the period of time that is required to complete and prepare the asset for its intended use or sale. The amount of borrowing costs capitalised on that asset is the actual borrowing costs incurred during the period less any investment income on the temporary investment of those borrowings. Other borrowing costs are recognised on a time–proportion basis in profit or loss using the effective interest method.

Provisions

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

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

Financial guarantees

Financial guarantee issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

Income taxes

Income tax expense represents the sum of the income tax currently payable and deferred income tax.

Income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are recognised for all temporary differences, except:

- Where the deferred tax 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 the accounting nor taxable profit or loss.

- In respect of temporary differences associated with investments in subsidiaries, associates and joint arrangements where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future; and

- In respect of deductible temporary differences and carry–forward of unutilised tax losses, if it is not probable that future taxable profits will be available against which those deductible temporary differences and carry–forward of unutilised tax losses can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(e) Summary of significant accounting policies (Cont'd)

Income taxes (Cont'd)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient future 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 each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

Current and deferred income tax are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised either in other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authorities on the same taxable entity, or on different tax entities, provided they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Employee benefits

Short–term employee benefits

Short–term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short–term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution national pension is a post–employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The contributions to national pension schemes are charged to profit or loss in the period to which the contributions relate.

Employee Share Option Scheme and Performance Share Plan

The Company has an employee share option scheme and performance share plan for the granting of options and awards to eligible employees and directors. The Group may issue equity–settled share–based payments to certain employees. The fair value of the employee services received in exchange for the grant of options or awards is recognised as an expense in the profit or loss with a corresponding increase in the share–based payment reserve over the vesting period. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options or awards granted on the date of the grant. Non–market vesting conditions are included in the estimation of the number of shares under options or awards that are expected to become exercisable on the vesting date.

At the end of each reporting period, the Group will revise its estimates of the number of shares under options or awards that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in the profit or loss, with a corresponding adjustment to the employee share option reserve over the remaining vesting period.

When the options or awards are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the employee share option reserve are credited to share capital account, when new ordinary shares are issued or to the treasury shares account, when treasury shares are re–issued to the employees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(e) Summary of significant accounting policies (Cont'd)

Key management personnel

Key management are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain executive officers are considered key management personnel.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;
(ii) has significant influence over the Company; or
(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) both entities are joint ventures of the same third party;
(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) the entity is a post–employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) the entity is controlled or jointly controlled by a person identified in (a);
(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

Government grants

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Impairment of non–financial assets

The carrying amounts of the Company's and Group's non–financial assets subject to impairment are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

If it is not possible to estimate the recoverable amount of the individual asset, then the recoverable amount of the cash–generating unit to which the assets belong will be identified.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash–generating units). As a result, some assets are tested individually for impairment and some are tested at cash–generating unit level. Goodwill is allocated to those cash–generating units that are expected to benefit from synergies of the related business combination and represents the lowest level within the Group at which management controls the related cash flows.

Individual assets or cash–generating units that include goodwill and other intangible assets with an indefinite useful life or that are not yet available for use are tested for impairment at least annually. All other individual assets or cash–generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(e) Summary of significant accounting policies (Cont'd)

Impairment of non–financial assets (Cont'd)

An impairment loss is recognised for the amount by which the asset's or cash–generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell and value–in–use, based on an internal discounted cash flow evaluation. Impairment losses recognised for cash generating units, to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash–generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

Any impairment loss is charged to the profit or loss unless it reverses a previous revaluation in which case it is charged to equity.

With the exception of goodwill,

- An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decrease.
- An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.
- A reversal of an impairment loss on a revalued asset is credited directly to equity under the heading revaluation surplus. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the profit or loss, a reversal of that impairment loss is recognised as income in the profit or loss.

An impairment loss in respect of goodwill is not reversed, even if it relates to impairment loss recognised in an interim period that would have been reduced or avoided had the impairment assessment been made at a subsequent reporting or end of reporting period.

Foreign currency

Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is also the functional currency of the Company.

Conversion of foreign currencies

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at that date.

Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing exchange rates at the balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and other currency instruments designated and qualifying as net investment hedges and net investment in foreign operations. Those currency translation differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve in the consolidated financial statements and transferred to profit or loss as part of the gain or loss on disposal of the foreign operation.

Non–monetary items carried at fair value that are denominated in foreign currencies are retranslated at the exchange rates prevailing at the date when the fair value was determined. Non–monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(e) Summary of significant accounting policies (Cont'd)

Conversion of foreign currencies (Cont'd)

Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing exchange rates at the end of the reporting period;
- Income and expenses for each statement presenting profit and loss and other comprehensive income (i.e. including comparatives) shall be translated at exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

Revenue recognition

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation ("PO") by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO. The transaction price is allocated to each PO in the contract on the basis of the relative stand–alone selling prices of the promised goods or services.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

Sale of properties under development

Revenue from sales of properties is recognised upon the transfer of the ownership of the properties to the buyer, which usually coincides with the transfer of the title deed. Revenue is not recognised to the extent when there are significant uncertainties regarding receipt of the consideration due or associated costs.

Membership fee income

Revenue from the membership income comprises annual membership fees. All membership income is recognised over the period of the membership. The membership income is recognised over time since the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs. The customer can benefit from being a member to access to the products as the Group performs its performance obligation.

Sale of biomedical products

Revenue from the sales of biomedical products is recognised when the goods are delivered and accepted by the customers.

Rendering of services

Revenue from the rendering of services, including management fees is recognised over the period in which the services are rendered, by reference to completion of the specific service.

Interest income

Interest income is recognised on an accrual basis based on the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2(e) Summary of significant accounting policies (Cont'd)

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations; or
- is part of a single co–ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re–presented as if the operation had been discontinued from the start of the comparative year.

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted–average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted–average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise warrants and share options.

Segment reporting

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is a distinguishable component of the Group engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic environments.

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

3 Revenue

Revenue mainly relates to the sale of properties, membership fee income and sale of biomedical health and wellness products.

	Continuing Operations		**Discontinued Operations (Note 26)**		**Group**	
	2020	2019	**2020**	2019	**2020**	2019
The Group	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Sales of properties	**21,177**	30,407	**–**	–	**21,177**	30,407
Sales of biomedical products	**1,872**	144	**45**	1,754	**1,917**	1,898
Management fees	**–**	43	**–**	–	**–**	43
Membership fees	**1,997**	–	**–**	–	**1,997**	–
	25,046	30,594	**45**	1,754	**25,091**	32,348

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

3 Revenue (Cont'd)

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods and services at a point in time or over time for the following lines of business and geographical regions. Revenue is attributed to countries by geographical areas of operations.

The Group	**United States of America**		**South Korea**		**Singapore**	
Continuing operations	**Sales of properties**	**Sales of biomedical products**	**Sales of biomedical products**	**Membership fees**	**Management fees**	**Total revenue**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2020						
Over time	**–**	**–**	**–**	**1,997**	**–**	**1,997**
At a point in time	**21,177**	**–**	**1,872**	**–**	**–**	**23,049**
	21,177	**–**	**1,872**	**1,997**	**–**	**25,046**
2019						
Over time	–	–	–	–	43	43
At a point in time	30,407	–	144	–	–	30,551
	30,407	–	144	–	43	30,594
Discontinued operations						
2020						
Over time	**–**	**–**	**–**	**–**	**–**	**–**
At a point in time	**–**	**45**	**–**	**–**	**–**	**45**
	–	**45**	**–**	**–**	**–**	**45**
2019						
Over time	–	–	–	–	–	–
At a point in time	–	1,754	–	–	–	1,754
	–	1,754	–	–	–	1,754
Total						
2020						
Over time	**–**	**–**	**–**	**1,997**	**–**	**1,977**
At a point in time	**21,177**	**45**	**1,872**	**–**	**–**	**23,094**
	21,177	**45**	**1,872**	**1,997**	**–**	**25,091**
2019						
Over time	–	–	–	–	43	43
At a point in time	30,407	1,754	144	–	–	32,305
	30,407	1,754	144	–	43	32,348

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For the financial year ended 31 December 2020

4 Property, plant and equipment

The Group	Motor vehicles $'000	Furniture and fittings $'000	Renovation $'000	Office and computer equipment $'000	Total $'000
Cost					
At 1 January 2019	124	36	36	240	436
Additions	–	–	–	5	5
Disposals	–	(4)	–	(94)	(98)
At 31 December 2019	**124**	**32**	**36**	**151**	**343**
Additions	**–**	**–**	**–**	**41**	**41**
Disposals	**–**	**–**	**–**	**(12)**	**(12)**
Exchange difference on retranslation	**(2)**	**–**	**–**	**–**	**(2)**
At 31 December 2020	**122**	**32**	**36**	**180**	**370**

The Group	Motor vehicles $'000	Furniture and fittings $'000	Renovation $'000	Office and computer equipment $'000	Total $'000
Accumulated depreciation					
At 1 January 2019	35	36	2	220	293
Depreciation for the year	12	1	12	12	37
Disposals	–	(5)	–	(90)	(95)
Exchange difference on retranslation	–	–	–	–	–
At 31 December 2019	**47**	**32**	**14**	**142**	**235**
Depreciation for the year	**12**	**–**	**11**	**10**	**33**
Disposals	**–**	**–**	**–**	**(11)**	**(11)**
Exchange difference on retranslation	**–**	**–**	**–**	**–**	**–**
At 31 December 2020	**59**	**32**	**25**	**141**	**257**
Net book value					
At 31 December 2020	**63**	**–**	**11**	**39**	**113**
At 31 December 2019	77	–	22	9	108

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For the financial year ended 31 December 2020

4 Property, plant and equipment (Cont'd)

The Company

	Furniture and fittings $'000	Office and computer equipment $'000	Total $'000
Cost			
At 1 January 2019 and 31 December 2019	**32**	**54**	**86**
Additions	**–**	**23**	**23**
Disposal	**–**	**(12)**	**(12)**
At 31 December 2020	**32**	**65**	**97**
Accumulated depreciation			
At 1 January 2019	31	49	80
Depreciation for the year	1	4	5
At 31 December 2019	**32**	**53**	**85**
Depreciation for the year	**–**	**3**	**3**
Disposal	**–**	**(12)**	**(12)**
At 31 December 2020	**32**	**44**	**76**
Net book value			
At 31 December 2020	**–**	**21**	**21**
At 31 December 2019	–	1	1

5 Right–of–use assets

	The Group Use of office premises $'000	**The Company** Use of office premises $'000
Cost		
Adoption of SFRS(I) 16		
– initial recognition as at 1 January 2019	470	57
Addition	177	177
At 31 December 2019	**647**	**234**
Addition	**426**	**178**
Exchange difference	**(4)**	**–**
At 31 December 2020	**1,069**	**412**
Accumulated depreciation		
Adoption of SFRS(I) 16		
– initial recognition as at 1 January 2019	**–**	**–**
Depreciation during the year	**375**	**160**
At 31 December 2019	**375**	**160**
Depreciation during the year	**437**	**178**
At 31 December 2020	**812**	**338**
Net book value		
At 31 December 2020	**257**	**74**
At 31 December 2019	272	74

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6 Other investments

The Group	**31 December 2020 $'000**	31 December 2019 $'000
Equity instruments at FVOCI	**203**	450

The equity instruments designated as at FVOCI relates to the investment in unquoted entities.

Information about the fair value measurement is included in Note 34.

7 Investment in subsidiaries

The Company	**31 December 2020 $'000**	31 December 2019 $'000
Unquoted equity shares, at cost	**6,527**	6,323
Allowance for impairment losses	**(6,317)**	(6,323)
	210	–
Movement in allowance accounts:		
At 1 January	**6,323**	6,329
Reversal upon partial disposal of interest in a subsidiary during the year	**(6)**	(6)
At 31 December	**6,317**	6,323

Impairment of subsidiary

As at 31 December 2020, management had performed an impairment test for the investment in GigWorld Inc. (f.k.a HotApp Blockchain Inc.), as indicators of impairment exist. Management had previously made an impairment allowance of $6.3 million as there was no realistic prospect of recovery of the investment. There is no evidence which shows that there has been a change in circumstances and there is no indication that the impairment loss recognised for the asset no longer exist. Accordingly, no reversal of impairment was made for its investment in GigWorld Inc.

NOTES TO THE FINANCIAL STATEMENTS

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7 Investment in subsidiaries (Cont'd)

a. The investments in subsidiaries held by the Company at 31 December 2020 and 2019 are as follows:

Name	Country of incorporation/ principal place of business	Effective ownership interest 2020 %	2019 %	Principal activities
Singapore Construction & Development Pte. Ltd. [i]	Singapore	**100**	100	Property development
Art eStudio Pte. Ltd. [iv,v]	Singapore	**51**	51	Dormant
Singapore Construction Pte. Ltd. [i]	Singapore	**100**	100	Dormant
Global BioMedical Pte. Ltd. [i]	Singapore	**100**	100	Investment holding
Impact Biomedical Inc.[#,7e]	United States of America	**–**	100	Biomedical science
SeD BioLife International, Inc.[#,7e]	United States of America	**–**	100	Investment holding
Global BioMedical, Inc.[#,7e]	United States of America	**–**	90.91	Investment holding
Global Sugar Solutions, Inc.[#,7e]	United States of America	**–**	80	Biomedical science
SeD BioMedical International, Inc.[#,7e]	United States of America	**–**	100	Investment holding
Global BioLife, Inc.[#,7e]	United States of America	**–**	63.64	Biomedical science
Biolife Sugar, Inc.[#,7e]	United States of America	**–**	63.64	Biomedical science
Sweet Sense, Inc.[#,7e]	United States of America	**–**	71.82	Biomedical science
Happy Sugar Inc.[#,7e]	United States of America	**–**	63.64	Biomedical science
SeD Capital Pte. Ltd. [i]	Singapore	**100**	100	Investment holding
LiquidValue Asset Management Pte. Ltd.[i]	Singapore	**82**	82	Portfolio management
SeD Home Limited [iii]	Hong Kong	**100**	100	Property development
Alset Innovation Pte. Ltd. (f.k.a SeD Investment Pte. Ltd.) [iv,v]	Singapore	**100**	100	Investment holding
AMRE Asset Management, Inc. ("AAMI") [iv,v]	United States of America	**	82	Real estate investment trusts ("REITS") management

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For the financial year ended 31 December 2020

7 Investment in subsidiaries (Cont'd)

Name	**Country of incorporation/ principal place of business**	**Effective ownership interest**		**Principal activities**
		2020	2019	
		%	%	
American Medical REIT, Inc. [iv,v]	United States of America	**	82	Medical REIT
SeD REITS Management Pte. Ltd. [iv,v]	Singapore	**100**	100	Investment holding
Global TechFund of Fund Pte. Ltd. [iv,v]	Singapore	**100**	100	Dormant
Singapore eChainLogistic Pte. Ltd. [iv,v]	Singapore	**100**	100	Dormant
BMI Capital Partners International Limited [iii, vi]	Hong Kong	**100**	100	Investment holding and consulting services
SeD Perth Pty Ltd [iv]	Australia	**100**	100	Property development
SeD Intelligent Home Inc.[iv,vi] (f.k.a. SeD Home International, Inc.)	United States of America	**100**	100	Property development
LiquidValue Development Inc. [ii,vi] (f.k.a. SeD Intelligent Home Inc)	United States of America	**99.99**	99.99	Investment holding
Alset EHome Inc. [ii,vi] (f.k.a. SeD Home, Inc)	United States of America	**99.99**	99.99	Property development
SeD USA, LLC [ii,vi]	United States of America	**99.99**	99.99	Property development
SeD Development USA Inc. [ii,vi]	United States of America	**99.99**	99.99	Property development
SeD Texas Home, LLC [ii,vi]	United States of America	**99.99**	99.99	Property development
SeD Ballenger, LLC [ii,vi]	United States of America	**99.99**	99.99	Property development
SeD Development Management, LLC [ii,vi]	United States of America	**84.99**	84.99	Property development
SeD Builder, LLC [ii,vi]	United States of America	**99.99**	99.99	Property development
SeD Home Rental Inc. [iv,v]	United States of America	**99.99**	99.99	Dormant
SeD REIT, Inc. [iv,v]	United States of America	**99.99**	99.99	Dormant
Alset Solar Inc. [iv,v]	United States of America	***79.99**	–	Dormant

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For the financial year ended 31 December 2020

7 Investment in subsidiaries (Cont'd)

Name	Country of incorporation/ principal place of business	Effective ownership interest 2020 %	2019 %	Principal activities
150 Black Oak GP, Inc [ii,vi]	United States of America	**99.99**	99.99	Property development
150 CCM Black Oak Ltd [ii,vi]	United States of America	**99.99**	99.99	Property development
SeD Maryland Development, LLC [ii,vi]	United States of America	**83.54**	83.54	Property development
GigWorld Inc.[ii,7d] (f.k.a. HotApp Blochain, Inc.)	United States of America	**99.76**	99.86	Investment holding
Crypto Exchange Inc [iv,v]	United States of America	**99.76**	99.86	Dormant
HotApps BlockChain Pte. Ltd.[i] (f.k.a. HotApp International Pte. Ltd.)	Singapore	**99.76**	99.86	Dormant
HWH World Inc. [iv, v]	United States of America	**99.76**	99.86	Dormant
HotApp International Limited [iii]	Hong Kong	**99.76**	99.86	Sale and marketing of mobile application
HWH World Pte. Ltd. [i]	Singapore	**99.76**	99.86	Dormant
HWH International Inc [iv,v]	United States of America	**100**	100	Dormant
Health, Wealth & Happiness Inc [iv,v]	United States of America	**100**	100	Dormant
HWH Multi–Strategy Investment Inc [iv,v]	United States of America	**100**	100	Dormant
Health Wealth Happiness Pte. Ltd. [i]	Singapore	**100**	100	Dormant
iGalen International Inc [#,7f]	United States of America	**–**	53	Investment holding
BioHealth Water Inc. [iv,vi]	United States of America	***100**	–	Investment holding
UBeauty Limited [iii]	Hong Kong	**100**	100	Investment holding
HWH World Limited [iii]	Hong Kong	**100**	100	Dormant
HWH World, Inc. [iv,vi]	Korea	**100**	100	E–commerce
HWH KOR Inc. [iv,v]	United States of America	***100**	–	Dormant

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7 Investment in subsidiaries (Cont'd)

Name	Country of incorporation/ principal place of business	Effective ownership interest 2020 %	2019 %	Principal activities
iGalen Inc.[#,7f]	United States of America	–	53	Biomedical science
WeBeauty Korea, Inc. [iv,v]	Korea	100	100	Dormant
Alset Payment Inc. [iv,v]	United States of America	*100	–	Dormant
Global Solar REIT Inc. [iv,v]	United States of America	*100	–	Dormant
OpenBiz Inc. [iv,v]	United States of America	*100	–	Dormant
Hapi Cafe Inc. [iv,v]	United States of America	*100	–	Dormant
Open House Inc. [iv,v]	United States of America	*100	–	Dormant
Open Rental Inc. [iv,v]	United States of America	*100	–	Dormant
Alset World Pte. Ltd. [iv,v]	Singapore	*100	–	Dormant
Alset Energy Pte. Ltd. [iv,v]	Singapore	*100	–	Dormant
Alset BioHealth Pte. Ltd. [iv,v]	Singapore	*100	–	Dormant
Impact BioHealth Pte. Ltd. [iv,v]	Singapore	*100	–	Dormant

i Audited by Foo Kon Tan LLP
ii Audited by Rosenberg Rich Baker Berman & Company (for FY2019) and Briggs & Veselka Co. (for FY2020)
iii Audited by Dominic K.F.Chan & Co
iv Not required to be audited in accordance with the law of the country of incorporation
v Not material to the Group and not required to be disclosed under SGX Listing Rule 717
vi Audited by Foo Kon Tan LLP for the purpose of Group consolidation
* Subsidiaries incorporated during the year
** The investment has been diluted to associate after additional issuance of shares by AAMI
# Subsidiaries disposed during the year

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

7 Investment in subsidiaries (Cont'd)

b. The following subsidiaries have non–controlling interests (NCI) that are material to the Group.

Name of subsidiary	Principal places of business/ Country of incorporation	Ownership interests held by NCI 2020	2019
SeD Maryland Development LLC	United States of America	**16.46%**	16.46%
iGalen Inc.	United States of America	**–**	47.00%
Global BioLife Inc	United States of America	**–**	36.36%

c. Summarised financial information about subsidiaries with material NCI

Summarised financial information, not adjusted for consolidation adjustments and before intercompany eliminations of subsidiaries with material non–controlling interest are as follows:

	SeD Maryland Development LLC $'000	Other individually immaterial subsidiaries $'000	Total $'000
2020			
Revenue	**21,177**		
Profit	**1,404**		
OCI	**–**		
Total comprehensive Income	**1,404**		
Attributable to NCI:			
– Profit/ (loss)	**231**	**(458)**	**(227)**
– OCI	**–**	**147**	**147**
– **Total comprehensive Income/(loss)**	**231**	**(311)**	**(80)**
Non–current assets	**–**		
Current assets	**20,773**		
Non–current Liabilities	**–**		
Current liabilities	**(2,672)**		
Net assets	**18,101**		
Net assets/ (liabilities) attributable to NCI	**2,979**	**(562)**	**2,417**
Net cash flows generated from operating activities	**3,381**		
Net cash flows used in Investing activities	**(157)**		
Net cash flows used in financing activities	**(165)**		
Net change in cash and cash equivalents	**3,059**		

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7 Investment in subsidiaries (Cont'd)

c. Summarised financial information about subsidiaries with material NCI (Cont'd)

	SeD Maryland Development LLC $'000	iGalen Inc. (f.k.a iGalen USA LLC) $'000	Global BioLife Inc $'000	Other individually immaterial subsidiaries $'000	Total $'000
2019					
Revenue	22,483	1,753	–		
Profit/ (loss)	4,332	(1,581)	(845)		
OCI	–	–	–		
Total comprehensive Income/ (loss)	4,332	(1,581)	(845)		
Attributable to NCI:					
– Profit/ (loss)	713	(743)	(307)	(209)	(546)
– OCI	–	–	–	2	2
– **Total comprehensive Income/ (loss)**	713	(743)	(307)	(207)	(544)
Non–current assets	–	–	–		
Current assets	24,845	677	200		
Non–current Liabilities	–	–	–		
Current liabilities	(4,418)	(5,231)	(3,447)		
Net assets/ (liabilities)	20,427	(4,554)	(3,247)		
Net assets/ (liabilities) attributable to NCI	3,362	(2,140)	(1,180)	(423)	(381)
Net cash flows generated from/(used in) Operating activities	3,189	(1,578)	(777)		
Net cash flows generated from/(used in) Investing activities	1,280	1,631	(75)		
Net cash flow (used in)/ generated from financing activities	(8,860)	–	927		
Net change in cash and cash equivalents	(4,391)	53	75		

d. Change in ownership interest in subsidiaries

GigWorld Inc. (f.k.a HotApp Blockchain, Inc.)

During the current financial year, the Group disposed of 0.10% (2019: 0.09%) of its equity interest in GigWorld Inc., reducing its equity interest to 99.76% (2019: 99.86%). The proceeds on disposal of $696,000 (2019: $381,000) were received in cash. This is accounted for as a transaction with owners without a loss of control to the Group. As a result of the disposal of the equity interest of 0.10% (2019: 0.09%) in GigWorld Inc., the Group accounted for a capital reserve of $696,000 (2019 – $381,000) which represented the difference between consideration received and non–controlling interest adjusted.

SeD Capital Pte. Ltd.

In the last financial year ended 31 December 2019, the Group disposed of 18% of its equity interest in LiquidValue Asset Management Pte. Ltd. ("LVAM"), reducing its equity interest to 82%. The proceeds on disposal of $63,000 were received in cash. The effect arising from the above transaction with owners without a loss of control did not have a significant impact to the Group. There is no difference in the consideration received and non–controlling interest adjusted since the disposal was made in proportion to the net asset of LVAM at the date of disposal.

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For the financial year ended 31 December 2020

7 Investment in subsidiaries (Cont'd)

e. Disposal of subsidiary – Impact BioMedical

On 21 August 2020, the Group disposed of a subsidiary, Impact BioMedical Inc. ("Impact Biomedical"). The effect of the disposal on the cash flow of the Group was:

	$'000
Consideration in the form of common and convertible preference stocks of DSS	63,337
Less: net assets attributable to owner disposed of	
Cash and cash equivalent	137
Other receivables	64
Trade and other payables	(58)
Non–controlling interest	1,232
Net assets disposed of	1,375
Realisation of foreign currency translation reserve	(132)
Gain on disposal of subsidiary	61,830
Net cash outflow on disposal of subsidiary	(137)

f. Disposal of subsidiary – iGalen International Inc

On 30 December 2020, the Group disposed of a subsidiary, iGalen International Inc.("iGalen"). The effect of the disposal on the cash flow of the Group was:

	$'000
Consideration received in the form of cash	*
Less: net liabilities disposed of	
Cash and cash equivalent	21
Other receivables	433
Inventory	82
Trade and other payables	(5,197)
Non–controlling interest	2,190
Net liabilities disposed of	(2,471)
Realisation of foreign currency translation reserve	102
Gain on disposal of subsidiary	2,573
Net cash outflow on disposal of subsidiary	(21)

*Less than $1,000

g. Disposal of subsidiary – Guangzhou HotApps Technology Ltd. ("Guangzhou HotApps")

On 14 January 2019, the Group disposed of a subsidiary, Guangzhou HotApps Technology Ltd. ("Guangzhou HotApps") to a related party. The effect of the disposal on the cash flow of the Group was:

	$'000
Consideration receivable in the form of promissory note	135
Less: net liabilities disposed of	
Property, plant and equipment	3
Cash and cash equivalent	42
Deposit	6
Trade and other payables	(275)
Net liabilities disposed of	(224)
Realisation of foreign currency translation reserve	37
Gain on disposal of subsidiary	396
Net cash outflow on disposal of subsidiary	(42)

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For the financial year ended 31 December 2020

7 Investment in subsidiaries (Cont'd)

h. Acquisition of Sweet Sense Inc.

The carrying amount of the identifiable assets and liabilities of Sweet Sense Inc. as at the acquisition date on 8 November 2019 were:

Consideration transferred comprise of:

	$'000
Cash consideration paid	124
Carrying amount of previously held equity interest	9
Total consideration on acquisition	133

	At carrying value $'000
Cash and cash equivalent	20
Trade and other payables	(1)
Total identifiable net assets	19
Excess cash consideration paid	114
Total consideration on acquisition	133

Revenue and profit contribution

The acquired entity did not generate revenue but incurred net loss of $33,000 to the Group for the period from 8 November 2019 to 31 December 2019. As such, the excess cash consideration paid of $114,000 over the net assets acquired is written off in the year of acquisition.

Effect of the acquisition on cashflow of the Group:

	$'000
Consideration transferred in cash	(124)
Cash and cash equivalent of subsidiary acquired	20
Net cash outflow on acquisition of subsidiary	(104)

8 (a) Investment in associates

The Group	**31 December 2020 $'000**	31 December 2019 $'000
Unquoted equity investments after equity accounting	*	–

*Less than $1,000

Details of the Group's associate at the end of the reporting period are as follow:

Name	**Country of incorporation/ principal place of business**	**Effective Ownership interest 2020**	**2019**	**Principal activities**
AMRE Asset Management, Inc.	United States of America	**28.70**	**–**	Real estate investment trusts ("REITS") management
American Medical REIT, Inc.	United States of America	**30.19**	**–**	Medical REIT

The associates are accounted for using the equity method in these financial statements. The investment in the associates are immaterial to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

8 (b) Investment in joint venture

The Group	31 December 2020 $'000	31 December 2019 $'000
Interest in joint venture	–	–
	–	–

Joint venture

The Group accounts for the investment using the equity method.

The Group	31 December 2020 $'000	31 December 2019 $'000
Unquoted equity investments	–	–

Details of the Group's joint venture at the end of the reporting period is as follows:

Name	Ownership interest 2020 %	2019 %	Principal activities
Sweet Sense Inc	–	100	Biomedical science

On 8 November 2019, the Group acquired the remaining 50% equity interest in Sweet Sense Inc for a consideration of $124,000. This acquisition is accounted for as an asset acquisition since the acquired set of activities and assets did not include any input and substantive process. Subsequent to the acquisition, the entity became a subsidiary to the Group.

Equity ownership in joint venture is held indirectly by its subsidiary, Biolife Sugar Inc., prior to becoming a subsidiary to the Group.

The joint venture was accounted for using the equity method in these financial statements.

The following summarises the carrying amount of interest in and share of loss of the joint venture:

	2020 $'000	2019 $'000
The Group's interest in net assets of the joint venture at beginning of year	–	12
Capital contribution	–	48
Share of loss of the joint venture, net of tax (Note 26)	–	(51)
Step up acquisition to a subsidiary	–	(9)
Carrying amount of interest in the joint venture at end of year	–	–

In 2020, Sweet Sense Inc, being the subsidiary of Impact Biomedical Inc., has been disposed by the Group. (Note 26)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

9 Trade and other receivables

	The Group		The Company	
	31 December 2020 $'000	31 December 2019 $'000	**31 December 2020 $'000**	31 December 2019 $'000
Trade receivables	**1,806**	540	**–**	–
Other receivables				
– Promissory note	**282**	135	**–**	–
– Related party	**–**	286	**–**	–
– Third parties	**777**	135	**–**	–
	2,865	1,096	**–**	–
Amounts due from subsidiaries (non–trade)	**–**	–	**39,427**	40,157
	2,865	1,096	**39,427**	40,157
Refundable deposits	**88**	216	**31**	31
	2,953	1,312	**39,458**	40,188

Trade receivables

Trade receivables are non–interest bearing and are generally on 30 to 60 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. Included under trade receivables is an amount of approximately $1,454,000 which a related party has collected on behalf of the Group in connection with the Group's utilisation of the related party's merchant account for its direct marketing network sales in Korea.

Based on the historical default rates, the Group believes that no impairment allowance is necessary in respect of trade and other receivables past due over 60 days since these receivables are mainly from customers that have a good credit record with the Group.

Other receivable – promissory note

The note receivable arose from the disposal of a subsidiary to a related party (Note 7g) in prior year and was unsecured and interest–free.

On 2 March 2020, the Company's 82%–owned subsidiary, LiquidValue Asset Management Pte Ltd ("LVAM"), has received a promissory note from an associate. The note receivable bears interest at a rate of 8% per annum.

Other receivables – related party

In the last financial year ended 31 December 2019, this relates to payments made on behalf of an entity that is owned and controlled by Mr. Chan Heng Fai.

Refundable deposits

Included in refundable deposits are deposit placed with a service provider amounting to $Nil (2019 – $129,000) and deposit related to office rental amounting to $88,000 (2019 – $87,000).

Amounts due from subsidiaries

Amounts due from subsidiaries are unsecured, repayable on demand and are to be settled in cash. Included in the amounts due from subsidiaries is a gross amount of $29,907,000 (2019 – $31,202,000) which bears interest at 5% (2019 – 5%) per annum and is denominated in USD.

Impairment in amounts due from subsidiaries

As at the reporting date, management carried out a review of the recoverability of the amounts extended to its subsidiaries to determine if the amount of impairment allowance at year end is adequate. For amounts due from subsidiaries which are repayable on demand, expected credit losses are based on the assumption that repayment of these amounts due from subsidiaries is demanded at the reporting date. Based on management's assessment, the amounts owing from certain subsidiaries could not be repaid if demanded at the reporting date after considering the highly accessible liquid assets of these subsidiaries. Accordingly, management have made an impairment loss of $2,534,000 (2019 – $6,800,000) on the amounts due from the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

9 Trade and other receivables (Cont'd)

Impairment in amounts due from subsidiaries (Cont'd)

The Company	31 December 2020 $'000	31 December 2019 $'000
Other receivables	**31**	31
Amount due from subsidiaries (non–trade)	**73,811**	72,007
Less: Allowance for impairment	**(34,384)**	(31,850)
	39,458	40,188

	31 December 2020 $'000	31 December 2019 $'000
Movement in allowance accounts:		
At 1 January	**31,850**	25,050
Charge for the year	**2,534**	6,800
At 31 December	**34,384**	31,850

Bad debt written off directly in the profit or loss during the financial year ended 31 December 2020 amounted to $596,000 (2019 – $99,000) for the Group (Note 19).

Trade and other receivables denominated in foreign currency are as follow:

	The Group		The Company	
	31 December 2020 $'000	31 December 2019 $'000	**31 December 2020 $'000**	31 December 2019 $'000
South Korean Won	**2,121**	32	**–**	–
United States Dollar	**766**	665	**33,131**	37,928

Information about the Group's and the Company's exposure to the credit risks is disclosed in Note 32.

10 Properties under development

The Group	31 December 2020 $'000	31 December 2019 $'000
At cost:		
Freehold land	**4,567**	9,269
Development costs	**6,805**	6,417
	11,372	15,686
At net realisable value:		
Freehold land	**9,368**	9,561
Development costs	**15,484**	16,357
	24,852	25,918
Less: Allowance for impairment	**(6,859)**	(7,051)
	17,993	18,867
	29,365	34,553

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

10 Properties under development (Cont'd)

	2020 $'000	2019 $'000
Allowance for impairment		
At 1 January	**7,051**	–
Impairment losses	**–**	7,140
Foreign exchange difference	**(192)**	(89)
At 31 December	**6,859**	7,051

As at 31 December 2020, the carrying amount of properties under development held under charge for loan and borrowings (Note 16) is $12,250,000 (2019 – $16,439,000).

During the current financial year, borrowing costs of $11,000 (2019 – $5,000) arising from borrowings obtained specifically for the properties under development were capitalised at a capitalisation rate of 4.756%.

In the last financial year ended 31 December 2019, a write down on properties under development of $7,140,000 to its net realisable value was recognised in "other operating expenses" (Note 19).

Information on properties under development as at 31 December 2020 is as follows:

Residential

Country	Location	Site Area / Land Size	Tenure	Planned No. of Units	Planned Gross Floor Area / Total Unit Size	% of Completion	Equity Interest	Expected year of Completion
Australia	Mandurah, WA	732 m^2	Freehold	11	1,374 m^2	0%	100%	2023

Subdivision – Residential

Country	Location	Site Area / Land Size	Tenure	Planned No. of Units	Planned Gross Floor Area / Total Unit Size	% of Completion	Equity Interest	Expected year of Completion
USA	Houston, TX	659,638 m^2	Freehold	552	N/A	26.11%	99.99%	2023
USA	Frederick, MD	797,231 m^2	Freehold	689	N/A	80.00%	83.54%	2022

11 Investment securities

	The Group		The Company	
	31 December 2020 $'000	31 December 2019 $'000	**31 December 2020 $'000**	31 December 2019 $'000
Quoted equity securities (classified as FVTPL)	**10,161**	577	**21**	21
Convertible preferred stocks (classified as FVTPL)	**49,802**	–	**–**	–
	59,963	577	**21**	21

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

11 Investment securities (Cont'd)

	Quoted equity securities		Convertible preferred stocks	
	2020	2019	**2020**	2019
The Group	**$'000**	$'000	**$'000**	$'000
1 January	**577**	1,066	**-**	–
Additions	**4,771**	–	**58,737**	–
Conversion of preferred stocks to common stocks	**3,641**	–	**(3,641)**	–
Foreign exchange difference	**–**	(10)	**-**	–
Fair value changes	**1,172**	(479)	**(5,294)**	–
31 December	**10,161**	577	**49,802**	–

	Quoted equity securities	
	2020	2019
The Company	**$'000**	$'000
1 January	**21**	21
Additions	**–**	–
Disposals	**–**	–
Fair value changes	**–**	–
31 December	**21**	21

The convertible preferred stocks do not carry any voting rights and are neither entitled to vote in any matter presented nor be entitled to any notice of any stockholder meeting. No dividends shall accrue or be payable upon the convertible preferred stocks, whether or not any dividends are declared on the investment.

The convertible preferred stocks shall be convertible into common stocks provided always that the right of conversion shall not be exercised by Global BioMedical Pte. Ltd. ("GBM") to the extent that it holds more than 19.99% of the total issued and paid up stock capital of the investee on an enlarged basis after such conversion.

Information about the Group's and the Company's exposure to market risks and fair value measurement is included in Note 32 and 34, respectively.

12 Derivative asset

	The Group		The Company	
	31 December 2020	31 December 2019	**31 December 2020**	31 December 2019
	$'000	$'000	**$'000**	$'000
Derivative asset	**1,140**	–	**–**	–

Fair value gain on derivative asset amounting to $1,140,000 is included within "other operating income" (Note 18).

Derivative asset represents the exercisable warrants that give Biohealth Water Inc., a wholly owned subsidiary of the Group, the right to subscribe and purchase common stock in an investee. The warrant does not entitle the holder to any voting rights, dividends or other rights as a stockholder of the investee prior to the exercise thereof.

Information about the fair value measurement of the derivative asset is included in Note 34.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

13 Cash and bank deposits

	The Group		The Company	
	31 December 2020 $'000	31 December 2019 $'000	**31 December 2020 $'000**	31 December 2019 $'000
Cash and cash equivalents	**22,365**	3,877	**16,133**	578
Bank deposits pledged	**7,624**	5,862	**–**	–
Total	**29,989**	9,739	**16,133**	578

As a condition to the loan agreement with the Manufacturers and Traders Trust Company ("M&T Bank"), the Company is required to maintain a minimum of US$2,600,000 in an interest–bearing account maintained by the lender as additional security for the loans. The fund is required to remain as collateral for the loan until the loan is paid off in full and the loan agreement terminated. The Group also has an escrow account with M&T Bank to deposit a portion of cash proceeds from lot sales. The fund in the escrow account is specifically used for the payment of the loan from M&T Bank. The fund is required to remain in the escrow account for the loan payment until the loan agreement terminates. As of 31 December 2020 and 2019, the total balance of these two accounts was US$5,729,067 and US$4,229,149, respectively.

The bank deposits pledged amounting to AU$50,000 (2019 – AU$50,000) relate to deposits placed with National Australia Bank ("NAB") as a security for bank facilities (Note 16).

Cash and short–term deposits earn interest at floating rates based on daily bank deposit rates. The weighted average effective interest rates for the Group and the Company were 1.4% (2019 – 2.4%) and Nil% (2019 – Nil%) respectively.

Cash and short–term deposits denominated in foreign currency are as follows:

	The Group		The Company	
	31 December 2020 $'000	31 December 2019 $'000	**31 December 2020 $'000**	31 December 2019 $'000
South Korean Won	**2,102**	–	**–**	–
United States dollar	**11,862**	8,742	**280**	85

Information about the Group's and Company's exposure to credit and currency risks is disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

14 Share capital and other reserves

The Group and The Company	2020	2019	2020	2019
	No. of shares '000		$'000	$'000
Issued and fully paid with no par value:				
At 1 January	**1,163,934**	1,101,456	**104,924**	102,425
Issuance of new ordinary shares pursuant to the vesting of the awards granted under the Plan	**42,779**	–	**2,401**	–
Issuance of new ordinary shares pursuant to exercise of 2016 warrants	**296,697**	62,478	**11,868**	2,499
Issuance of new ordinary shares pursuant to exercise of 2017 warrants	**266,500**	–	**12,792**	–
At 31 December	**1,769,910**	1,163,934	**131,985**	104,924

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 restrictions. The ordinary shares have no par value.

The Company has an employee share option plan under which options to subscribe for the Company's ordinary shares have been granted to certain directors.

The Company had on 11 May 2020 and 8 June 2020, allotted and issued 7,500,000 and 35,279,000 new ordinary shares, respectively, granted under the Plan at a price of $0.03 per share. Information relating to the Plan, including share awards granted and vested during the financial year and share awards outstanding as at 31 December 2020 are set out in Note 24.

Other reserves

(a) Capital reserve

This represents (i) "day one" difference on the interest–free loans given by a shareholder. (ii) difference between consideration paid or received and the adjustment to non–controlling interest arising from changes in the Group's equity interest in subsidiaries that do not result in a loss of control which are accounted for as transaction with owners. (iii) difference between the amount from the issuance of new shares pursuant to the vesting of the shares awards granted under the Plan and the amount previously recognised in the employee share option reserve.

(b) Merger reserve

This represents the difference between the consideration paid by the Group and the share capital of the investment in LiquidValue Asset Management Pte. Ltd. (f.k.a. HengFai Asset Management Pte. Ltd.) under a common control arrangement.

(c) Employee share option reserve

Employee share option reserve represents the equity–settled share options or awards granted to employees (Note 24). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity–settled share options or awards, and is reduced by the expiry, forfeiture or exercise of the share options or awards.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15 Trade and other payables

	The Group		The Company	
	31 December 2020 $'000	31 December 2019 $'000	**31 December 2020 $'000**	31 December 2019 $'000
Non-current				
Amount due to directors (non-trade)	**–**	694	**–**	–
Current				
Trade payables	**472**	2,511	**1**	167
Other payables				
- Promissory notes	**–**	552	**–**	–
- Third parties	**548**	911	**–**	–
Amount due to directors (non-trade)	**19**	6,881	**–**	6,814
Accrued payroll expenses	**23**	300	**23**	295
Consultancy fee payable	**–**	877	**–**	–
Contract liabilities	**3,387**	–	**–**	–
Royalty payable	**–**	57	**–**	–
Commission payable	**333**	291	**–**	–
Accrued professional fees	**205**	209	**106**	106
Deposit received	**1,669**	3,292	**–**	–
Withholding tax payable	**5,028**	4,529	**3,379**	2,899
Other accruals	**342**	366	**33**	26
Total current trade and other payables	**12,026**	20,776	**3,542**	10,307
Total trade and other payables	**12,026**	21,470	**3,542**	10,307
Loans and borrowings (Note 16)	**1,069**	211	**–**	–
Lease liabilities (Note 17)	**257**	278	**74**	74
Deposit received	**(1,669)**	(3,292)	**–**	–
Withholding tax payable	**(5,028)**	(4,529)	**(3,379)**	(2,899)
Contract liabilities	**(3,387)**	–	**–**	–
Total financial liabilities at amortised cost (Note 32)	**3,268**	14,138	**237**	7,482

Trade payables

These amounts are non–interest bearing. Trade payables are normally settled on 60 to 90 days' terms.

Other payables – Promissory Note

In the last financial year ended 31 December 2019, the promissory notes payable bore interest at 10% per annum and are repayable within 12 months.

Withholding tax payable

Withholding tax is payable to the tax authorities in the United States of America ("USA") on USA sourced interest income earned from a USA incorporated subsidiary.

Deposits received

Deposits received is non–refundable and pertains to deposits received from lot purchase agreements entered with a customer in respect of the sale of its sub–division development.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15 Trade and other payables (Cont'd)

Amount due to directors

With effect from 1 January 2018, the Company and Mr. Chan Heng Fai had agreed to designate the amount due to Mr. Chan Heng Fai as interest bearing i.e. 6% per annum for a maximum loan facility of $14 million. In the last financial year ended 31 December 2019, $5.68 million of the loan facility had been drawn down and $1.13 million interest expense had been accrued. The loan has been fully repaid during 2020.

Contract liabilities

The Group offers customers with the right to access to its skins care and health products in Korea through its membership program. The customer will pay an upfront membership fee that is valid on yearly basis. The Group recognises the membership fees collection as contract liabilities which is amortised over the membership period.

	The Group		The Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
At 1 January	**–**	–	**–**	–
Fee received during the year	**5,384**	–	**–**	–
Revenue recognised for fees received during the year	**(1,997)**	–	**–**	–
	3,387	–	**–**	–

Trade and other payables denominated in foreign currency are as follows:

	The Group		The Company	
	31 December 2020	31 December 2019	**31 December 2020**	31 December 2019
	$'000	$'000	**$'000**	$'000
South Korean Won	**4,211**	–	**–**	–
United States Dollar	**2,431**	8,793	**–**	–

Please refer to Note 32 for details of currency and liquidity risk exposure.

16 Loans and borrowings

		The Group		The Company	
	Maturity	**31 December 2020**	31 December 2019	**31 December 2020**	31 December 2019
		$'000	$'000	**$'000**	$'000
Current					
Floating rate AUD loan	2021	**228**	211	**–**	–
Non–current					
Floating rate USD loan	2022	**841**	–	**–**	–
Total loans and borrowings (Note 15)		**1,069**	211	**–**	–

Floating rate AUD loan

The loan is secured by a charge over the freehold land classified in properties under development (Note 10) as well as a deposit pledged (Note 13). This loan is denominated in AUD and is guaranteed by one of the directors of SeD Perth Pty Ltd. The interest rate is based on the weighted average interest rates applicable to each of the Business Markets Facility Components which ranges from 4.490% to 5.340% (2019 – 5.294% to 6.515%) per annum. The loan was renegotiated to be repayable on 30 April 2021.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

16 Loans and borrowings (Cont'd)

Floating rate USD loan

On 17 April 2019, SeD Maryland Development LLC ("SeD Maryland") entered into a development loan agreement with Manufacturers and Traders Trust Company ("M&T Bank") in the principal amount not to exceed at any one time outstanding the sum of US$8,000,000, with a cumulative loan advance amount of US$18,500,000. The line of credit bears interest rate on LIBOR plus 375 basis points. SeD Maryland was also provided with a Letter of Credit ("L/C") Facility in an aggregate amount of up to US$900,000. The L/C commission will be 1.5% per annum on the face amount of the L/C. Other standard lender fees will apply in the event L/C is drawn down. The loan is a revolving line of credit. The L/C Facility is not a revolving loan and amounts advanced and repaid may not be re-borrowed. Repayment of the loan is secured by US$2,600,000 collateral fund and a Deed of Trust issued to the lender on the property owned by SeD Maryland. As of 31 December 2020 and 2019, the outstanding balance of the revolving loan was US$Nil.

On 18 June 2020, Alset EHome Inc. entered into a loan agreement with M&T Bank. Pursuant to the loan agreement, M&T Bank provided a non-revolving loan to Alset EHome Inc. in an aggregate amount of up to US$2,990,000. The line of credit bears interest rate on LIBOR plus 375 basis points. Repayment of this loan is secured by a Deed of Trust issued to M&T Bank on the property owned by certain subsidiaries of Alset EHome Inc. The maturity date of this loan is 1 July 2022. LiquidValue Development Inc., together with one of its subsidiaries, SeD Maryland, are both the guarantors of this loan. The current interest rates charged by the lender on the loan are at market rates and are consistent with the borrowing costs of the subsidiaries without corporate guarantees. The Group has assessed that the fair value of corporate guarantees to be immaterial.

Non-current

Floating rate USD loan

In 2020 Alset EHome borrowed US$664,810 from M&T Bank, incurring at the same time origination fees of US$61,679 which are amortised over the term of the loan. During 2020, interest of US$14,458 was incurred on this loan. As of 31 December 2020, the remaining unamortised debt discount was US$42,906.

17 Lease liabilities

	The Group		The Company	
	2020	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000
Undiscounted lease payments due:				
– Year 1	**257**	288	**74**	74
Less: Future interest cost	**–**	(10)	**–**	–
Lease liabilities	**257**	278	**74**	74
Presented as:				
– Non–current	**–**	–	**–**	–
– Current	**257**	278	**74**	74
	257	278	**74**	74

Interest expense on lease liabilities of $8,000 (2019 – $18,000) is recognised within "finance costs" in consolidated statement of comprehensive income.

Total cash outflows for all leases during the year amount to $450,000 (2019 – $387,000).

Information about the Group's leases are disclosed in Note 28.

Further information about the Group's and the Company's exposure to liquidity risks is disclosed in Note 32.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

18 Other operating income

The Group	Note	Continuing operations 2020 $'000	Continuing operations 2019 $'000	Discontinued operations (Note 26) 2020 $'000	Discontinued operations (Note 26) 2019 $'000	Total 2020 $'000	Total 2019 $'000
Grant income – Job Support Scheme ("JSS")		**83**	–	**–**	–	**83**	–
Fair value gain on derivative asset	12	**1,140**	–	**–**	–	**1,140**	–
Gain on disposal of property, plant and equipment		**4**	–	**–**	–	**4**	–
Gain on disposal of subsidiaries		**–**	396	**64,403**	–	**64,403**	396
Property tax rebate		**4**	–	**–**	–	**4**	–
Others		**378**	783	**–**	–	**378**	783
		1,609	1,179	**64,403**	–	**66,012**	1,179

19 Other operating expenses

The Group	Note	Continuing operations 2020 $'000	Continuing operations 2019 $'000	Discontinued operations (Note 26) 2020 $'000	Discontinued operations (Note 26) 2019 $'000	Total 2020 $'000	Total 2019 $'000
Net unrealised foreign exchange loss		**867**	446	**–**	–	**867**	446
Excess cash consideration paid over net assets acquired written off		**–**	–	**–**	114	**–**	114
Withholding tax expenses		**499**	570	**–**	–	**499**	570
Net fair value losses on equity securities at FVTPL	11	**4,122**	479	**–**	–	**4,122**	479
Write down of properties under development	10	**–**	7,140	**–**	–	**–**	7,140
Bad debt written off	9	**596**	95	**–**	4	**596**	99
Others		**23**	11	**–**	–	**23**	11
		6,107	8,741	**–**	118	**6,107**	8,859

20 Finance income

The Group	2020 $'000	2019 $'000
Interest income	**20**	71

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21 Finance costs

The Group	Continuing operations 2020 $'000	Continuing operations 2019 $'000	Discontinued operations (Note 26) 2020 $'000	Discontinued operations (Note 26) 2019 $'000	Total 2020 $'000	Total 2019 $'000
Interest expense from loans and borrowings	**200**	635	**–**	24	**200**	659
Interest expense on lease liabilities	**8**	18	**–**	–	**8**	18
Amortisation of transaction costs	**26**	65	**–**	–	**26**	65
	234	718	**–**	24	**234**	742

22 Profit/(Loss) before taxation

The following items have been included in arriving at profit or loss before taxation:

The Group	Note	Continuing operations 2020 $'000	Continuing operations 2019 $'000	Discontinued operations (Note 26) 2020 $'000	Discontinued operations (Note 26) 2019 $'000	Total 2020 $'000	Total 2019 $'000
Audit fees:							
– Auditors of the Company		**241**	227	**–**	–	**241**	227
– Other auditors		**157**	160	**–**	–	**157**	160
Depreciation of property, plant and equipment	4	**33**	37	**–**	–	**33**	37
Depreciation of right–of–use assets	5	**437**	375	**–**	–	**437**	375
Staff salaries and related costs (including share-based compensation (equity settled))	23	**2,839**	1,203	**–**	–	**2,839**	1,203
Legal and other professional fees		**967**	1,179	**395**	1,262	**1,362**	2,441
Consultancy fees paid/payable to a family member of a director		**145**	–	**–**	330	**145**	330

23 Staff salaries and related costs

The Group	2020 $'000	2019 $'000
Directors' remuneration		
– Salaries and other related costs	**290**	–
– Director's fee	**100**	100
– Share–based compensation (equity–settled)	**1,161**	–
– Contribution to defined contribution plan	**24**	–
	1,575	100
Key management personnel (other than directors)		
– Salaries and other related costs	**421**	396
– Share–based compensation (equity–settled)	**60**	–
– Contribution to defined contribution plan	**31**	22
	512	418
Other than directors and key management personnel		
– Salaries and other related costs	**575**	607
– Share–based compensation (equity–settled)	**105**	–
– Contribution to defined contribution plan	**72**	78
	752	685
	2,839	1,203

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

24 Employee benefits (including directors)

Share option and awards plans

Singapore eDevelopment Limited Share Option Scheme (the "Scheme")

The Scheme was approved by the members of the Company at an Extraordinary General Meeting held on 20 November 2013. The Scheme is administered by the Company's Remuneration Committee.

The members of the Remuneration Committee as at the date of this report are as follows:

Wong Shui Yeung (Chairman)
Wong Tat Keung (Member)
Chan King Fai (Member)

Other information regarding the Scheme is as follows:

- Employees, Executive Directors, and Non–Executive Directors (including the Independent Directors) of the Group as well as those who may be Controlling Shareholders, shall be eligible to participate in the Scheme.
- The subscription price of the option may be set at a price equal to the average of the closing market prices of the Company's share over a period of five (5) consecutive market days immediately prior to the relevant date of grant ("Market Price") or at a discount of up to 50% of Market Price.
- Options granted at Market Price may be exercised in whole or in part after 12 months from the relevant date of grant and options granted at a discount may only be exercised after 24 months from the relevant date of grant.
- All options expire after 5 years, from the date of grant, for Non–Executive Directors (including Independent Directors) and 10 years for Executive Directors and employees of the Company and its subsidiaries.
- Options shall be forfeited if the option holder ceases to be an employee or director of the Company or its subsidiaries.

The Group does not have a past practice of cash settlement for these share options. There has been no cancellation or modification to the Scheme during the current financial year.

Movement of share options during the financial year

The following table illustrates the number ("No.") and weighted average exercise prices ("WAEP") of, and movements in, share options during the year:

	31 December 2020		31 December 2019	
	No.	**WAEP**	No.	WAEP
Outstanding at 1 January	**1,061,333**	**0.12**	1,061,333	0.12
– Forfeited	**–**	**–**	–	–
Outstanding at 31 December	**1,061,333**	**0.12**	1,061,333	0.12

The exercise price for options outstanding at the end of the year was $0.12 (2019 – $0.12). The weighted average remaining contractual life for these options is 3 years (2019 – 4 years).

Fair value of share options granted

The fair value of the share options granted under the Scheme is estimated at the grant date using a Black–Scholes option pricing model, taking into account the terms and conditions upon which the share options were granted.

There have been no share options granted in the current and previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

24 Employee benefits (including directors) (Cont'd)

Singapore eDevelopment Limited Performance Share Plan

On 23 October 2014, the Company obtained shareholder's approval at an Extraordinary General Meeting of the Company to adopt the Plan. The Plan is designed to reward, retain and motivate employees to achieve superior performance and whose services are vital to the well–being and success of the Group.

The purpose of adopting the Plan is to give the Company greater flexibility to align the interests of employees with the interests of shareholders and to promote higher performance goals, recognise achievement and retain talents within the Group.

The following person shall be eligible to participate in the Performance Share Plan:

(a) employees of the Group (including Executive Directors of the Group);
(b) any Director of the Company (including Non-Executive Directors); and
(c) Controlling Shareholders and/or their associates who are either employees of the Group or Directors of the Company shall not participate in the Performance Share Plan unless their participation and the actual number of performance shares and the terms of any award of performance shares have been approved by independent Shareholders at a general meeting in separate resolutions.

The total number of shares that may be issued or are issuable pursuant to the award of performance shares on any date when added to the aggregate number of shares that are issued or are issuable in respect of such other share based incentive schemes of the Company (if any), shall not exceed 20% (or such other percentage as may be prescribed or permitted from time to time by the SGXST) of the total number of issued shares of the Company on the day immediately preceding the date on which the award of performance shares shall be made, provided that the aggregate number of performance shares which may be awarded to participants who are controlling Shareholders and/or their associates under the Plan shall not exceed 25% of the total number of shares available under the Plan and such other share based incentive schemes of the Company, and the aggregate number of performance shares which may be awarded to each participant who is a controlling Shareholder and/or an associate of a controlling Shareholder under the Plan shall not exceed 10% of the total number of shares available under the Plan and such other share based incentive schemes of the Company.

The awards may only be vested and consequently any performance shares comprised in such awards shall only be delivered upon the Remuneration Committee ("RC") being satisfied that the participant has achieved the performance target(s) and the Plan is awarded before expiry of the prescribed performance period provided always that the RC shall have the absolute discretion to determine the extent to which the performance shares under that award shall be released on the prescribed performance target(s) being satisfied (whether fully or partially) or exceeded, as the case may be, at the end of the prescribed performance period. No performance shares under the award shall be released for the portion of the prescribed performance target(s) that is not satisfied by the participant at the end of the prescribed performance period.

The awards represent the right of a participant to receive fully-paid performance shares free of charge. A participant is entitled to receive fully-paid performance shares subject to certain prescribed performance target(s) being met.

The selection of a participant, the number of performance shares which are the subject of each award to be made to him, and the prescribed vesting period shall be determined at the absolute discretion of the RC, which shall take into account criteria such as his rank, job performance, years of service and potential for future development, his contribution to the success of and development of the Group and the extent of effort required to achieve the performance target(s) within the performance period.

The award shall be vested in a participant for as long as he has fulfilled his performance target(s) and the vesting period (if any) has not expired and notwithstanding a transfer of his employment within any company in the Group or any apportionment of performance target(s) within any company in the Group.

The Plan shall continue in force at the absolute discretion of the RC, subject to a maximum period of 10 years commencing on 23 October 2014 provided always that the Plan may continue beyond the above stipulated period with the approval of shareholders in general meeting and of any relevant authorities which may then be required.

The Plan may be terminated at any time by the RC, or by shareholders by ordinary resolution at a general meeting subject to all approvals or any relevant authorities which may then be required, and if the Plan is so terminated, no further share awards shall be granted by the Company thereunder.

The termination, discontinuance or expiry of the Plan shall not affect the share awards which have been granted in accordance with the rules of the Plan, whether such share awards have been vested (whether fully or partially) or not.

Details of the share awards granted and vested are as follows:

The Group and the Company

Date of share awards granted	Tranches	Balance at 1 January 2020	Granted during the year	Vested during the year	Balance at 31 December 2020	Fair value of share awards
						S$
27 March 2020	Tranche 1	**–**	**42,779,000**	**(42,779,000)**	**–**	**0.03**
8 October 2020	Tranche 2	**–**	**1,500,000**	**–**	**1,500,000**	**0.06**
		–	**44,279,000**	**(42,779,000)**	**1,500,000**	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

24 Employee benefits (including directors) (Cont'd)

Singapore eDevelopment Limited Performance Share Plan (Cont'd)

On 27 March 2020, the Company granted share awards ("Awards") to the employees and directors pursuant to the Plan. The number of ordinary shares to be granted under the Awards is 42,779,000.

The Company had on 11 May 2020 and 8 June 2020, allotted and issued 7,500,000 and 35,279,000 new ordinary shares respectively in the capital of the Company (the "New Shares") to the eligible employees and directors pursuant to the vesting of the Awards under the Plan. The New Shares issued shall rank pari passu in all respects with the existing shares of the Company.

On 8 October 2020, the Company has also granted 1,500,000 share awards to Mr. Chan Tung Moe under the Plan. Mr. Chan Tung Moe is required to complete six months of services with the Company. The 1,500,000 share awards shall vest upon fulfillment of 6 months of services from the grant date of 8 October 2020.

The fair value of the share awards was estimated using the Black–Scholes–Merton formula based on the Company's share price at the grant date, length of time between grant date to vest date, and risk free rate yield on triple A rated government bond as at grant date, and the annual stock volatility by using standard deviation of percentage changes to share price.

The inputs into the Black–Scholes–Merton formula are as follows:

Grant date	**27 March 2020**	**8 October 2020**
Share price at the grant date	**S$0.03**	**S$0.06**
Risk free rate (%)	**NA**	**0.92%**
Vesting period	**Fully vested on grant date**	**6 months of services from grant date (8 October 2020)**
Estimated annual volatility	**NA**	**106%**

25 Income tax

The Group	**2020** **$'000**	2019 $'000
Current taxation	**19**	588

Reconciliation of effective tax rate

The Group	**2020** **$'000**	2019 $'000
Profit/(Loss) before taxation	**56,085**	(13,052)
Tax at statutory rate of different tax jurisdiction	**9,869**	(2,745)
Tax effect on non–deductible expenses	**1,355**	3,479
Tax effect on non–taxable income	**(11,622)**	(71)
Deferred tax benefits not recognised	**417**	279
Utilisation of deferred tax assets previously not recognised	**–**	(354)
	19	588

As at 31 December 2020, the Group has unutilised tax losses amounting to approximately $20,033,000 (2019 - $17,557,000) that are available for offset against future taxable profits, subject to the agreement of the tax authorities and compliance with the relevant provisions. The deferred tax assets arising from these unutilised tax losses have not been recognised because it is not probable that future taxable profits will be available against which the Group can utilise the tax losses.

Non–deductible expenses relate mainly to losses from those subsidiary entities principally engaged in investment holding activities where such losses cannot be carried forward for utilisation against future taxable profits, subsidiary entities that did not generate any revenue and hence with losses that are not revenue in nature, withholding tax expenses, equity share based payment, and fair value losses on financial assets at fair value through profit or loss which are capital in nature. Impairment loss on property under development is also a non–deductible expense in FY 2019.

For the financial year ended 31 December 2020, non-taxable income mainly arises from the gain on disposal of subsidiaries and fair value gain on financial assets at fair value through profit or loss which are capital in nature.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

26 Discontinued operations

In 2020, Impact BioMedical Inc. ("Impact Biomedical") and iGalen International Inc. ("iGalen") have been disposed by the Group. The core business of the discontinued operations is biomedical business which primarily operates in the USA. Impact Biomedical and iGalen were not previously presented as discontinued operations as at 31 December 2019 and thus the comparative statement of comprehensive income has been re–presented to show the discontinued operations separately from continuing operations.

Group	Note	2020 $'000	2019 $'000
Results of discontinued operations			
Revenue	3	**45**	1,754
Cost of sales		**(87)**	(1,858)
Marketing expenses		**–**	(214)
Research and development		**(135)**	(167)
Administrative expenses		**(483)**	(1,937)
Other operating expenses			
–Bad debt written off	19	**–**	(4)
–Excess cash consideration paid over net assets acquired written off	19	**–**	(114)
Finance cost	21	**–**	(24)
Share of joint venture result	8b	**–**	(51)
Results of operating activities		**(660)**	(2,615)
Results of operating activities, at net tax		**(660)**	(2,615)
Gain on sale of discontinued operations	18	**64,403**	–
Profit / (loss) from discontinued operations (at net tax)		**63,743**	(2,615)
Basic earnings/(loss) per share (cents)	27	**4.72**	(0.14)
Diluted earnings/(loss) per share (cents)	27	**1.82**	(0.14)

Of the profit from discontinued operations of $63,743,000 (2019 – loss of $2,615,000), an amount of $64,018,000 (2019 – loss of $1,539,000) is attributable to the owners of the Company.

Of the loss from continuing operations of $7,677,000 (2019 – loss of $11,025,000), an amount of $7,725,000 (2019 – loss of $11,555,000) is attributable to the owners of the Company.

The impact of the discontinued operations on the cash flows of the Group for the financial year ended 31 December are as follows:

Group	2020 $'000	2019 $'000
Cash flows used in discontinued operations		
Net cash used in operating activities	**(261)**	(1,851)
Net cash used in investing activities	**(148)**	–
Net cash from financing activities	**219**	2,002
Net (decrease)/increase in cash and cash equivalents	**(190)**	151

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

26 Discontinued operations (Cont'd)

The effect of the discontinued operations on the financial position of the Group as at 31 December 2020 are as follows:

Group	2020 $'000
Cash and cash equivalent	**158**
Other receivables	**497**
Inventory	**82**
Trade and other payables	**(5,255)**
Non–controlling interest	**3,422**
Net liabilities of disposal group	**(1,096)**
Consideration received, satisfied in cash	*
Cash and cash equivalents disposed of	**(158)**
Net cash outflow	**(158)**

*Less than $1,000

27 Earning/(Loss) per share

Earning/(Loss) per share computation

The basic and diluted earnings or loss per share are calculated by dividing the profit or loss for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic and diluted earnings or loss per share computation.

	Continuing Operations		Discontinued Operations		Total	
The Group	**2020**	2019	**2020**	2019	**2020**	2019
Basic earnings per share						
Profit / (loss) for the year attributable to owners of the Company ($'000)	**(7,725)**	(11,555)	**64,018**	(1,539)	**56,293**	(13,094)
Weighted average number of ordinary shares ('000)	**1,356,239**	1,103,875	**1,356,239**	1,103,875	**1,356,239**	1,103,875
Basic earnings/(loss) per share based on the weighted average number of ordinary shares (cents)	**(0.57)**	(1.05)	**4.72**	(0.14)	**4.15**	(1.19)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

27 Earning/(Loss) per share (Cont'd)

	Continuing Operations		Discontinued Operations		Total	
	2020	2019	**2020**	2019	**2020**	2019
The Group						
Diluted earnings per share						
Profit / (loss) for the year attributable to owners of the Company ($'000)	**(7,725)**	(11,555)	**64,018**	(1,539)	**56,293**	(13,094)
Weighted average number of ordinary shares inclusive of dilutive potential ordinary shares ('000)	**1,356,239**	1,103,875	**3,514,757**	1,103,875	**3,514,757**	1,103,875
Diluted earnings/(loss) per share based on the weighted average number of ordinary shares (cents)	**(0.57)**	(1.05)	**1.82**	(0.14)	**1.60**	(1.19)

For the purpose of calculating diluted earnings or loss per share, the weighted average number of shares are adjusted for the effects of all dilutive potential ordinary shares as at 31 December 2020. As at 31 December 2019, the basic and diluted losses per ordinary share were the same since the outstanding convertibles such as warrants and share options were anti-dilutive.

28 Leases

The Group as lessee

(i) Office premises

The Group leases several office premises for operation purposes.

Information regarding the Group's right–of–use assets and lease liabilities are disclosed in Note 5 and 17 respectively.

Depreciation charge of right–of–use assets during the year:

The Group	2020 $'000	2019 $'000
Office premises	437	375

There are no externally imposed covenants on these office lease arrangements.

29 Corporate guarantees

The Group and the Company have provided corporate indemnities on performance bonds for various projects of $33,000 (2019 - $33,000). Certain subsidiaries of the Group have issued corporate guarantees to a lender amounting to US$664,810 (2019 - $Nil).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

30 Operating segments

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

(a) Property development, which includes actively acting as a developer for property projects and investing in property development projects;

(b) Information technology business which are involved in IT hardware and software research and development, and other businesses providing IT–related services to end–users, service providers and other commercial users via multiple platforms;

(c) Investment business, which includes trading of quoted securities, commodities and other derivatives and financial products; investing in quoted and unquoted securities on various aspects of investments ranging from pre–initial public offer investment, various forms of capital in companies and funds with potential of business growth and trade sale; undertaking business in incubation and angel investment; and provision of corporate strategy and business development advisory services; and

(d) Biomedical business, which includes the development, research, testing, manufacturing, licencing and distribution of biomedical products.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Management reviews the results of the segment using segment profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

30 Operating segments (Cont'd)

	Operating segments										Non–operating Segments					
	Property Development		Investment Business		Information Technology Business		Biomedical Business (Korea) Continuing		Biomedical Business (USA) (Discontinued)		Corporate and others		Business Elimination		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Revenue	**21,177**	30,407	**–**	43	**–**	–	**3,869**	144	**45**	1,754	**–**	–	**–**	–	**25,091**	**32,348**
Segment result																
Segment profit/(loss) From operation	**345**	(11,741)	**(765)**	(1,299)	**(68)**	8	**(2,997)**	(196)	**63,743**	(2,591)	**(11,942)**	(9,677)	**7,983**	13,115	**56,299**	(12,381)
Finance income	**1**	57	**43**	86	**–**	–	**1**	–	**–**	–	**1,697**	1,875	**(1,722)**	(1,947)	**20**	71
Finance expenses	**(54)**	(11)	**–**	(211)	**–**	–	**(24)**	–	**–**	(24)	**(180)**	(496)	**24**	–	**(234)**	(742)
Net (loss)/ profit before tax	**292**	(11,695)	**(722)**	(1,424)	**(68)**	8	**(3,020)**	(196)	**63,743**	(2,615)	**(10,425)**	(8,298)	**6,285**	11,168	**56,085**	(13,052)
Income tax	**(19)**	(588)	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(19)**	(588)
Net (loss)/ profit for the year	**273**	(12,283)	**(722)**	(1,424)	**(68)**	8	**(3,020)**	(196)	**63,743**	(2,615)	**(10,425)**	(8,298)	**6,285**	11,168	**56,066**	(13,640)
Additions of property plant and equipment	**6**	–	**–**	5	**–**	–	**12**	–	**–**	–	**23**	–	**–**	–	**41**	5
Depreciation of plant and equipment	**4**	8	**26**	24	**–**	–	**–**	–	**–**	–	**3**	5	**–**	–	**33**	37
Depreciation of right–of–use assets	**157**	115	**102**	100	**–**	–	**–**	–	**–**	–	**178**	160	**–**	–	**437**	375

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

30 Operating segments (Cont'd)

	Operating segments										Non-operating Segments					
	Property Development		Investment Business		Information Technology Business		Biomedical Business (Korea) Continuing		Biomedical Business (USA) (Discontinued)		Corporate and others		Business Elimination		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019	**2020**	2019
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Excess cash consideration paid over net assets acquired written off	–	–	**–**	–	**–**	–	**–**	–	**–**	114	**–**	–	**–**	–	**–**	114
Gain on disposal of property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**(4)**	–	**–**	–	**(4)**	–
Write down of properties under development	**–**	7,140	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	–	**–**	7,140
Net fair value losses on investment securities	**–**	–	**207**	479	**–**	–	**3,915**	–	**–**	–	**–**	–	**–**	–	**4,122**	479
Unrealised loss/(gain)	**–**	–	**123**	52	**(53)**	(46)	**1**	9	**–**	–	**796**	431	**–**	–	**867**	446
Share of joint venture's results	**–**	–	**–**	–	**–**	–	**–**	–	**–**	51	**–**	–	**–**	–	**–**	51
Gain on disposal of subsidiaries	**–**	–	**–**	–	**–**	(396)	**–**	–	**(64,403)**	–	**–**	–	**–**	–	**(64,403)**	(396)
Fair Value Gain on derivative asset	**–**	–	**–**	–	**–**	–	**(1,140)**	–	**–**	–	**–**	–	**–**	–	**(1,140)**	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

30 Operating segments (Cont'd)

Other information

	Operating segments					Non–operating Segments		
	Property Development $'000	Investment Business $'000	Information Technology Business $'000	Biomedical Business (Korea) Continuing $'000	Biomedical Business (Discontinued) $'000	Corporate and others $'000	Elimination $'000	Total $'000
Consolidated segment assets								
31 December 2020	**43,663**	**1,292**	**209**	**64,379**	**737**	**58,304**	**(44,388)**	**124,196**
31 December 2019	44,959	2,559	210	529	864	48,532	(50,199)	47,454
Consolidated segment liabilities								
31 December 2020	**54,086**	**8,737**	**2,046**	**4,294**	**5,255**	**13,658**	**(74,724)**	**13,352**
31 December 2019	55,202	8,510	1,923	1,871	7,998	20,378	(73,357)	22,525

Geographical segment

The following table presents revenue and total non–current assets information based on the geographical location of customers and assets:

The Group	Singapore $'000	South Korea $'000	Hong Kong $'000	United States of America $'000	Total $'000
31 December 2020					
Revenue	**–**	**3,869**	**–**	**21,177**	**25,046**
Non–current assets	**176**	**10**	**259**	**128**	**573**
31 December 2019					
Revenue	43	144	–	30,407	30,594
Non–current assets	459	–	183	188	830

Non–current assets information presented above consist of property, plant and equipment, right–of–use assets and other investment as presented in the statement of financial position.

There is one major customers (2019: two major customers) contributing revenue which is greater than 10% of the total revenue for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

31 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the Group had the following transactions with related parties on terms agreed between the respective parties:

(a) Amount due to a director (non-trade) (Note 15)

In the last financial year ended 31 December 2019, Mr. Chan Heng Fai had provided advances to the Group which amounted to $5,684,000 for general operating activities.

(b) Interest bearing loan from a director (Note 15)

Interest expense of $0.18 million (2019 - $0.49 million) due to Mr. Chan Heng Fai was incurred in 2020 in respect of a principal loan of $7.36 million (2019 - $5.68 million). The principal loan amount together with the accrued interest due to Mr. Chan Heng Fai was fully paid in FY2020.

(c) Disposal of Impact Biomedical to DSS BioHealth Security, Inc. (“DBHS”) (Note 7e)

On 21 August 2020, the Group disposed of Impact Biomedical to DBHS, a subsidiary of Document Security Systems, Inc. (“DSS”) for a consideration of S$63.3 million. Mr. Chan Heng Fai is the Chairman of DSS and the controlling shareholder of the Company.

(d) Promissory note receivable from an associate

On 2 March 2020, the Company’s 82%-owned subsidiary, LiquidValue Asset Management Pte Ltd (“LVAM”), has received a promissory note from an associate. The note receivable of S$282,000 bears interest at a rate of 8% per annum.

(e) LiquidValue Development Pte. Ltd. (“LVD”) (Note 7d)

In the last financial year ended 31 December 2019, the Group disposed of 18% of its equity interest in LVAM to LVD, which is wholly-owned by Mr. Chan Heng Fai, reducing its equity interest to 82%. The proceeds on disposal of $63,000 were received in cash.

(f) DSS Asia Limited (Note 7g)

In the last financial year ended 31 December 2019, the Group disposed of a subsidiary, Guangzhou HotApps Technology Ltd., to DSS Asia Limited for a consideration of US$100,000 in the form of promissory note receivable (equivalent of S$135,000). Mr. Chan Heng Fai was the director and CEO of DSS Asia Limited.

(g) Decentralize Sharing Service Inc. (Note 15)

In the last financial year ended 31 December 2019, the Group recorded a promissory note payable to Decentralize Sharing Service Inc. of US$250,000 which bore interest at 10% per annum. One of the key management personnel of the Company is a controlling shareholder of Decentralize Sharing Service Inc.

(h) Consultation fee incurred to a family member of a director

During the financial year ended 31 December 2020, the Company incurred consultation fee of S$145,000 (2019- S$330,000) to a family member of Mr. Chan Heng Fai.

(i) Merchant fee incurred to Document Security System, Inc. (“DSS”)

During the financial year ended 31 December 2020, the Group incurred merchant fee of S$40,000 to DSS based on 2.5% of the amounts collected on behalf by DSS in connection with the Group’s direct marketing sales.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32 Financial risk management

The Company's and the Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise adverse effects from the unpredictability of financial markets on the Company's and the Group's financial performance. The Company and the Group are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks included credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks.

There has been no change to the Company's and the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis indicated below.

The Group does not hold or issue derivative financial instruments for trading purposes or to hedge against fluctuations, if any, in interest rates and foreign exchange.

The carrying amounts of financial assets and financial liabilities at the reporting date are as follows:

The Group	**31 December 2020 $'000**	31 December 2019 $'000
Financial assets at fair value through profit or loss		
Quoted equity securities (Note 11)	**10,161**	577
Convertible preferred stocks (Note 11)	**49,802**	–
Derivative asset (Note 12)	**1,140**	–
	61,103	577
Financial assets at amortised cost		
Trade and other receivables (Note 9)	**2,953**	1,312
Cash and short–term deposits (Note 13)	**29,989**	9,739
	32,942	11,051
Financial assets at fair value through OCI		
Equity instruments at FVOCI (Note 6)	**203**	450
Financial liabilities at amortised cost		
Trade and other payables* (Note 15)	**1,942**	13,649
Loans and borrowings (Note 16)	**1,069**	211
Lease liabilities (Note 17)	**257**	278
	3,268	14,138

* exclude deposits received, withholding tax payable and contract liabilities.

The Company	**31 December 2020 $'000**	31 December 2019 $'000
Financial assets at amortised cost		
Trade and other receivables (Note 9)	**39,458**	40,188
Cash and short–term deposits (Note 13)	**16,133**	578
	55,591	40,766
Financial assets at fair value through profit or loss		
Quoted equity securities (Note 11)	**21**	21
Financial liabilities at amortised cost		
Trade and other payables*(Note 15)	**163**	7,408
Lease liabilities (Note 17)	**74**	74
	237	7,482

* exclude deposits received, withholding tax payable and contract liabilities.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32 Financial risk management (Cont'd)

32.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their floating rate loans and borrowings.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) in interest rates on variable rate borrowings at the reporting date would have increased/decreased profit or loss before tax and equity by the amounts shown below.

The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular foreign currency rates, remain constant and has not taken into account the effects of qualifying borrowing costs allowed for capitalisation as part of properties under development.

The Group	Profit before tax Increase/(Decrease)		Equity (Decrease)/Increase	
	(100 bp increase) $'000	(100 bp decrease) $'000	(100 bp increase) $'000	(100 bp decrease) $'000
At 31 December 2020				
Floating rate loans and borrowings	**(11)**	**11**	**(11)**	**11**

	Loss before tax Increase/(Decrease)		Equity (Decrease)/Increase	
	(100 bp increase) $'000	(100 bp decrease) $'000	(100 bp increase) $'000	(100 bp decrease) $'000
At 31 December 2019				
Floating rate loans and borrowings	2	(2)	(2)	2

32.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group is exposed to currency risk on financial assets and financial liabilities that are denominated in a currency other than the respective functional currencies of Group entities. The currency is primarily the United States Dollar (USD).

The Group does not use derivative financial instruments to protect against the volatility associated with foreign currency transactions. Exposure to foreign currency risk is monitored on an on–going basis and the Group endeavours to keep the net exposure at an acceptable level.

The Group	USD $'000	Total $'000
At 31 December 2020		
Financial assets		
Cash and cash equivalents	**937**	**937**
Quoted equity securities	**10,140**	**10,140**
Convertible preferred stocks	**49,802**	**49,802**
Net financial assets	**60,879**	**60,879**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32 Financial risk management (Cont'd)

32.2 Currency risk (Cont'd)

The Group	**USD $'000**	**Total $'000**
At 31 December 2019		
Financial assets		
Cash and cash equivalents	1,269	1,269
Quoted equity securities	556	556
Net financial assets	1,825	1,825

The Company	**USD $'000**	**Total $'000**
At 31 December 2020		
Financial assets		
Trade and other receivables	**33,131**	**33,131**
Cash and cash equivalents	**280**	**280**
Net financial assets	**33,411**	**33,411**
At 31 December 2019		
Financial assets		
Trade and other receivables	37,928	37,928
Cash and cash equivalents	85	85
Net financial assets	38,013	38,013

Sensitivity analysis for foreign currency risk

A 5% change in USD against the respective functional currencies of the Group entities at the reporting date would have changed profit or loss before tax and equity by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis has not taken into account the associated tax effects and assumes that all other variables, in particular interest rates, remain constant.

The Group	**31 December 2020**		31 December 2019	
	Profit before tax $'000	**Equity $'000**	Loss before tax $'000	Equity $'000
	(Decrease)/Increase		(Decrease)/Increase	
USD				
– strengthened 5% (2019 – 5%) against SGD	**3,044**	**3,044**	(91)	91

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32 Financial risk management (Cont'd)

32.2 Currency risk (Cont'd)

The Company	31 December 2020 Profit before tax $'000	31 December 2020 Equity $'000	31 December 2019 Loss before tax $'000	31 December 2019 Equity $'000
	(Decrease)/Increase		(Decrease)/Increase	
USD				
– strengthened 5% (2019 – 5%) against SGD	**1,671**	**1,671**	(1,901)	1,901

A weakening of the USD against the respective functional currencies of the Group entities at the reporting date would have had the equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remain constant.

32.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash to meet its working capital requirement.

The table below analyses the maturity profile of the Company's and the Group's financial liabilities based on contractual undiscounted cash flows:

			Contractual undiscounted cash flows		
	Carrying amount $'000	Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
The Group					
As at 31 December 2020					
Trade and other payables*	**1,942**	**1,942**	**1,942**	**–**	**–**
Loans and borrowings	**1,069**	**1,136**	**228**	**908**	**–**
Lease liabilities	**257**	**257**	**257**	**–**	**–**
	3,268	**3,335**	**2,427**	**908**	**–**
As at 31 December 2019					
Trade and other payables*	13,649	14,142	13,372	563	207
Loans and borrowings	211	223	223	–	–
Lease liabilities	278	288	288	–	–
	14,138	14,653	13,883	563	207

			Contractual undiscounted cash flows		
	Carrying amount $'000	Total $'000	Less than 1 year $'000	Between 2 and 5 years $'000	Over 5 years $'000
The Company					
As at 31 December 2020					
Trade and other payables*	**163**	**163**	**163**	**–**	**–**
Lease liabilities	**74**	**74**	**74**	**–**	**–**
	237	**237**	**237**	**–**	**–**
As at 31 December 2019					
Trade and other payables*	7,408	7,817	7,817	–	–
Lease liabilities	74	74	74	–	–
	7,482	7,891	7,891	–	–

* exclude deposits received, withholding tax payable and contract liabilities

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32 Financial risk management (Cont'd)

32.3 Liquidity risk (Cont'd)

The table below shows the contractual expiry by maturity of the Group's and the Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be cancelled.

	1 year or less $'000	Total $'000
The Group		
31 December 2020		
Financial guarantees (Note 29)	**912**	**912**
	912	**912**
31 December 2019		
Financial guarantees (Note 29)	33	33
	33	33

At the reporting date, the Group does not consider it probable that a claim will be made against under the financial guarantees.

32.4 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the Group to incur a financial loss. The Group's exposure to credit risk arises primarily from trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group's objective is to seek continual growth while minimising losses incurred due to increased credit risk exposure.

<u>Exposure to credit risk</u>

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position.

<u>Credit risk concentration profile</u>

The Group determines its concentrations of credit risk by monitoring its trade and other receivables on an ongoing basis.

<u>Financial assets that are neither past due nor impaired</u>

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group and Company.

<u>Financial assets that are past due but not impaired</u>

There is no other class of financial assets that is past due but not impaired except for trade and other receivables.

<u>Financial assets that are past due and/or impaired</u>

Information regarding financial assets that are impaired is disclosed in Note 9. Concentrations of credit risk exist when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's and the Company's total credit exposure. The Group determines its concentration of credit risk by monitoring its trade and other receivables on an ongoing basis. The maximum exposure to credit risk is represented by the carrying value of each financial assets at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32 Financial risk management (Cont'd)

32.4 Credit risk (Cont'd)

Cash and cash equivalents

Cash is placed with financial institutions which are regulated and have good credit ratings. Impairment on cash and cash equivalents has been measured on the 12–month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents is negligible.

The tables below detail the credit quality of the Group's and the Company's financial instruments, as well as maximum exposure to credit risk by credit risk rating grades:

The Group	**12–month/ Lifetime ECL**	**Gross carrying amount $'000**	**Loss allowance $'000**	**Net carrying amount $'000**
At 31 December 2020				
Trade and other receivables	**Lifetime ECL**	**2,953**	**–**	**2,953**

	12–month/ Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
At 31 December 2019				
Trade and other receivables	Lifetime ECL	1,312	–	1,312

The Company	**12–month/ Lifetime ECL**	**Gross carrying amount $'000**	**Loss allowance $'000**	**Net carrying amount $'000**
At 31 December 2020				
Trade and other receivables	**Lifetime ECL**	**31**	**–**	**31**
Amounts due from subsidiaries (non–trade)	**12–month ECL**	**73,811**	**(34,384)**	**39,427**
		73,842	**(34,384)**	**39,458**

	12–month/ Lifetime ECL	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
At 31 December 2019				
Trade and other receivables	Lifetime ECL	31	–	31
Amounts due from subsidiaries (non–trade)	12–month ECL	72,007	(31,850)	40,157
		72,038	(31,850)	40,188

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32 Financial risk management (Cont'd)

32.4 Credit risk (Cont'd)

(1) Trade and other receivables

The Company and the Group apply SFRS(I) 9 simplified approach to measure the expected credit losses which uses a lifetime expected loss allowance for trade and other receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical credit loss experiences. The historical loss rates are adjusted to reflect current and forward–looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables are written off when there is no reasonable expectation of recovery. Impairment losses on trade receivables are presented as impairment losses within other operating expenses. Subsequent recoveries of amounts previously written off are credited to other operating income.

(2) Amounts due from subsidiaries

The use of loans and advances to assist with the subsidiaries' cash flow management is in line with the Group's capital management. In determining the ECL, management has taken into account the finances and business performance of the subsidiaries, and a forward–looking analysis of the financial performance of investments and projects undertaken by these subsidiaries. For the amounts due from subsidiaries which are repayable on demand, expected credit losses are determined based on the availability of accessible and highly liquid assets of the subsidiaries for repayment if they are demanded at the reporting date. There has been significant increase in the credit risk for certain subsidiaries. The impairment assessment for ECL is disclosed in Note 9.

The following table provides information about the exposure to credit risk and ECLs for trade and other receivables:

The Group	**Gross carrying amount $'000**	**Impairment loss allowance $'000**	**Net carrying amount $'000**	**Credit Impaired**
At 31 December 2020				
Current (not past due)	**–**	**–**	**–**	
1 – 30 days past due	**1,487**	**–**	**1,487**	No
31 – 60 days past due	**238**	**–**	**238**	No
Past due over 60 days	**1,228**	**–**	**1,228**	No
	2,953	**–**	**2,953**	
At 31 December 2019				
Current (not past due)	–	–	–	
1 – 30 days past due	889	–	889	No
31 – 60 days past due	1	–	1	No
Past due over 60 days	422	–	422	No
	1,312	–	1,312	

The Company	**Gross carrying amount $'000**	**Impairment loss allowance $'000**	**Net carrying amount $'000**	**Credit Impaired**
At 31 December 2020				
Current (not past due)	**31**	**–**	**31**	No
1 – 30 days past due	**–**	**–**	**–**	
31 – 60 days past due	**–**	**–**	**–**	
Past due over 60 days	**–**	**–**	**–**	
	31	**–**	**31**	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

32 Financial risk management (Cont'd)

32.4 Credit risk (Cont'd)

The Company	Gross carrying amount $'000	Impairment loss allowance $'000	Net carrying amount $'000	Credit Impaired
At 31 December 2019				
Current (not past due)	31	–	31	No
1 – 30 days past due	–	–	–	
31 – 60 days past due	–	–	–	
Past due over 60 days	–	–	–	
	31	–	31	

32.5 Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices. The Group is exposed to equity price risk arising from its quoted investment securities (Note 11). The fair value of these financial instruments is quoted from the market.

For investment securities classified as fair value through profit or loss, a 10% increase in the equity price at the reporting date would have increased profit before tax by $5,996,000 (2019 – decreased loss before tax by $58,000). Similarly, a decrease of 10% in equity price would have an equal but opposite effect.

33 Capital management

The Group's objectives when managing capital are:

(a) To safeguard the Group's ability to continue as a going concern;

(b) To support the Group's stability and growth;

(c) To provide capital for the purpose of strengthening the Group's risk management capability; and

(d) To provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. The Group currently does not adopt any formal dividend policy.

Management monitors capital based on net gearing ratio. Net gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as borrowings less cash and cash equivalents.

There were no changes in the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

33 Capital management (Cont'd)

The Group is not subject to externally imposed capital requirements other than as disclosed.

The Group	**31 December 2020 $'000**	31 December 2019 $'000
Lease liabilities	**(257)**	(278)
Loans and borrowings	**(1,069)**	(211)
Total debt	**(1,326)**	(489)
Cash and cash equivalents (excluding bank deposit pledged)	**22,365**	3,877
Net debt	**#**	#
Total equity	**110,844**	24,929
Gearing ratio	**#**	#

Not applicable since it is in a net cash position.

34 Fair value measurement

Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

(a) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

(c) Level 3 – Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Fair values of financial instruments

The following table shows the Levels within the hierarchy of financial assets and liabilities measured at fair value on a recurring basis:

(a) Financial assets and liabilities measured at fair value

The Group	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2020					
Financial assets measured at fair value through profit or loss					
– Quoted equity securities	11	**10,161**	**–**	**–**	**10,161**
– Convertible preferred stocks	11	**–**	**–**	**49,802**	**49,802**
– Derivative asset	12	**–**	**–**	**1,140**	**1,140**
Financial assets at FVOCI					
– Other investment	6	**–**	**–**	**203**	**203**
		10,161	**–**	**51,145**	**61,306**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34 Fair value measurement (Cont'd)

Fair values of financial instruments (Cont'd)

The Group	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2019					
Financial assets measured at fair value through profit or loss					
– Quoted equity securities	11	577	–	–	577
Financial assets at FVOCI					
– Other investment	6	–	–	450	450
		577	–	450	1,027

The Company	Note	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2020					
Financial assets measured at fair value through profit or loss					
– Quoted equity securities	11	**21**	**–**	**–**	**21**
31 December 2019					
Financial assets measured at fair value through profit or loss					
– Quoted equity securities	11	21	–	–	21

Level 1 fair value measurements

The fair value of quoted securities are determined directly by reference to their published market bid price at the balance sheet date.

Level 3 fair value measurements

Description	Valuation technique	Significant unobservable inputs		Inter-relationship between significant unobservable inputs and fair value measurement
Convertible preferred stocks	Option Pricing Model	Risk-free rate	0.93%	
		Volatility	113.69%	
		Dividend yield	0%	
		The valuation model is based on the quoted prices of the investee adjusted for the effect of non-marketability of the equity investment (Discount for lack of marketability)	12.80%	The estimated fair value would increase/decrease if discount for non-marketability was lower/ higher

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34 Fair value measurement (Cont'd)

Fair values of financial instruments (Cont'd)

Level 3 fair value measurements (Cont'd)

Description	Valuation technique	Significant unobservable inputs		Inter-relationship between significant unobservable inputs and fair value measurement
Derivative asset	Binomial Option Pricing Model	Risk-free rate	0.88%	
		Volatility	178.86%	
		Dividend yield	0%	
		The valuation model is based on the quoted prices of the investee adjusted for the effect of non-marketability of the equity investment (Discount for lack of marketability)	36.56%	The estimated fair value would increase/decrease if discount for non-marketability was lower/ higher
Other investments	Net Asset Value ("NAV")	Value of the underlying net asset value of the entities		The estimated fair value would increase/decrease if NAV was higher/ lower

For financial assets at FVOCI (level 3), increasing the significant unobservable input by 5% at the reporting date would have increased equity by $10,000 (2019 - $23,000). A 5% decrease in the significant unobservable input would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

For convertible preferred stocks that are measured at fair value through profit or loss, a 2% reasonably change in the key assumption used i.e. discount for the lack of marketability to the fair value of the investment in convertible preferred stocks from management's estimates would result in approximately $1,142,000 variance to the Group's result for the financial year.

For the derivative asset that is measured at fair value through profit or loss, a reasonable change in the key assumption used i.e. discount for the lack of marketability to the fair value of the derivative from management's estimates would not result in a material impact to the Group's result for the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34 Fair value measurement (Cont'd)

Fair values of financial instruments (Cont'd)

Level 3 fair value measurements (Cont'd)

For the financial year ended 31 December 2020, the reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

The Group	Convertible preferred stocks $'000	Derivative asset $'000	Other investment $'000
Balance at 1 January 2020	–	–	450
Additions	58,737	–	136
Conversion of preferred stocks to common stocks	(3,641)	–	–
Disposals	–	–	(423)
Fair value changes	(5,294)	1,140	40
Balance at 31 December 2020	49,802	1,140	203

For the financial year ended 31 December 2019, the reconciliation of the carrying amounts of financial instruments classified within Level 3 is as follows:

The Group	2019 $'000
Balance at 1 January	445
Additions	–
Fair value changes	5
Balance at 31 December	450

There were no transfers between Level 1 and Level 3 in 2020 and 2019.

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

This comprised trade and other receivables (Note 9), bank deposits pledged (Note 13), cash and cash equivalents (Note 13), loans and borrowings (Note 16) and trade and other payables (Note 15). The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature.

The carrying amount of the long-term loans and borrowings is a reasonable approximation of fair value as the loans are floating rate loans that re-price to market interest rate quarterly.

In the last financial year, the carrying amounts of the non-current loans and borrowings and non-current amount due to directors (non-trade) reflect their corresponding fair values since the contracted interest rates continue to approximate the prevailing interest rates as at the reporting date.

In respect of the financial years ended 31 December 2020 and 2019, the fair value disclosure of lease liabilities is not required.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

35 Subsequent events

(i) Entry into legally binding term sheet in relation to the proposed disposal of HWH World Inc.

On 6 January 2021, the Company entered into a legally binding term sheet (the "Term Sheet") between the Company, Document Security Systems, Inc., Health Wealth Happiness Pte Ltd, a direct wholly-owned subsidiary of the Company, and HWH World Inc., a subsidiary of Health Wealth Happiness Pte Ltd in relation to, inter alia, the proposed disposal of 100,500 shares in the share capital of HWH World Inc., representing the entire issued and paid-up share capital of HWH World Inc.

(ii) Listing and quotation of new shares

250,000 and 139,834,471 new ordinary shares in the capital of the Company have been allotted and issued on 1 February 2021 and 8 April 2021 respectively pursuant to the exercise of 250,000 and 139,834,471 unlisted warrants issued on 21 October 2016 at an exercise price of $0.04 per share.

(iii) Vesting of share awards and listing and quotation of performance shares

The Company has granted 1,500,000 share awards to Mr. Chan Tung Moe under the Plan which has vested on 3 March 2021, and 1,500,000 new ordinary shares in the capital of the Company has been allotted and issued to Mr. Chan Tung Moe on the same date.

(iv) Investment in common equity stocks and convertible preferred stocks of DSS

Subsequent to the year end, DSS has issued additional 21.8 million shares pursuant to the completion of an underwritten public offering. As a result of this, the Company's equity shareholdings in DSS has been diluted to 4.14%. Based on the estimated valuation of the convertible preferred stocks performed by an external valuer engaged by management, the fair value of the convertible preferred stocks is US$29,430,000 as at 24 March 2021. The fair value loss is expected to be US$8,245,000 from the fair value of the convertible preferred stocks as at 31 December 2020. The fair value of the quoted common equity stocks of DSS is US$4,835,000 as at 24 March 2021 and the fair value loss is US$2,315,000 from the fair value of the quoted common equity stocks as at 31 December 2020.

(v) Entry into securities purchase agreement in relation to the subscription of shares in Value Exchange International Inc.

A securities purchase agreement dated 5 April 2021 has been entered into between GigWorld, Inc., a subsidiary of the Company, and Value Exchange International, Inc. ("Value Exchange International") in relation to, inter alia, the proposed subscription of 6,500,000 shares of Value Exchange International's common stock, representing approximately 18.0% of the total issued and paid-up common stock of Value Exchange International on an enlarged basis for an aggregate subscription price of US$650,000. Value Exchange International is listed on the U.S. OTC Markets Group, Inc. QB Venture Market and is principally engaged in the business of providing credit and debit card processing services to multinational retailers in Asia.

PROPERTIES OF THE GROUP

As at 31 December 2020

Properties Under Development

Residential

Country	Location	Site Area / Land Size	Tenure	Planned No. of Units	Planned Gross Floor Area / Total Unit Size	% of Completion	Equity Interest	Expected year of Completion
Australia	Mandurah, WA	732 m^2	Freehold	11	1,374 m^2	0%	100%	2023

Subdivision - Residential

Country	Location	Site Area / Land Size	Tenure	Planned No. of Units	Planned Gross Floor Area / Total Unit Size	% of Completion	Equity Interest	Expected year of Completion
USA	Houston, TX	659,638 m^2	Freehold	552	N/A	26.11%	99.99%	2023
USA	Frederick, MD	797,231 m^2	Freehold	689	N/A	80.00%	83.54%	2022

STATISTICS OF SHAREHOLDINGS

As at 31 March 2021

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 - 99	89	3.59	3,394	0.00
100 - 1,000	312	12.60	172,168	0.01
1,001 - 10,000	449	18.13	2,508,780	0.14
10,001 - 1,000,000	1,560	62.98	220,805,987	12.46
1,000,001 AND ABOVE	67	2.70	1,548,169,617	87.39
TOTAL	**2,477**	**100.00**	**1,771,659,946**	**100.00**

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	PHILLIP SECURITIES PTE LTD	1,211,470,620	68.38
2	DOCUMENT SECURITY SYSTEMS, INC.	127,179,311	7.18
3	MAYBANK KIM ENG SECURITIES PTE. LTD.	22,737,784	1.28
4	DBS NOMINEES (PRIVATE) LIMITED	13,103,136	0.74
5	TEH WING KWAN	11,001,000	0.62
6	LEE EE @ LEE ENG	9,686,400	0.55
7	RAFFLES NOMINEES (PTE.) LIMITED	9,185,950	0.52
8	TEO CHOR KOK	7,978,750	0.45
9	WONG YOONG SUM	7,789,600	0.44
10	OCBC SECURITIES PRIVATE LIMITED	5,179,870	0.29
11	LEE WEE NGAM	4,900,000	0.28
12	LEE KIM SIN	4,800,000	0.27
13	KHOO SHEE KANG	4,720,000	0.27
14	IFAST FINANCIAL PTE. LTD.	4,678,850	0.26
15	LIM & TAN SECURITIES PTE LTD	4,615,900	0.26
16	TAN KAH HENG (CHEN JIAXING)	4,492,300	0.25
17	LOONG CHAY WAN	4,200,000	0.24
18	NG KIM CHOON	3,904,000	0.22
19	TAN TONG CHEE	3,600,000	0.20
20	CITIBANK NOMINEES SINGAPORE PTE LTD	3,460,200	0.20
	TOTAL	**1,468,683,671**	**82.90**

* The Company did not have treaasury shares or subsidiary holdings.

STATISTICS OF SHAREHOLDINGS

As at 31 March 2021

PERCENTAGE OF SHAREHOLDING HELD IN THE NAME OF PUBLIC

As at 31 March 2021, approximately 32.42% of the shareholding in the Company was held in the hands of the public (on the basis of information available to the Company). Accordingly, the Company has complied with Rule 723 of the Catalist Rules.

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of substantial shareholder	Direct interest	%	Deemed interest	%
HengFai Business Development Pte. Ltd.	1,011,150,294	57.07%	–	–
Document Security Systems, Inc.	127,179,311	7.18%		
Chan Heng Fai(1)	186,246,600	10.51%	1,011,150,294	67.58%

Note:

(1) Mr. Chan Heng Fai and his associates are entitled to exercise or control the exercise of not less than 20% of the votes attached to the voting shares in HengFai Business Development Pte. Ltd. by virtue of Section 6 of the Companies Act, Cap. 50 of Singapore. Mr. Chan and his associates are deemed to be interested in the shares which HengFai Business Development Pte. Ltd. has an interest in.

STATISTICS OF WARRANTHOLDINGS

As at 31 March 2021

ALSET INTERNATIONAL LIMITED - UNLISTED WARRANTS (W211020)

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 99	0	0.00	0	0.00
100 - 1,000	0	0.00	0	0.00
1,001 - 10,000	6	11.32	24,250	0.01
10,001 - 1,000,000	40	75.47	7,972,755	4.87
1,000,001 AND ABOVE	7	13.21	155,864,201	95.12
TOTAL	**53**	**100.00**	**163,861,206**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

NO.	NAME OF WARRANTHOLDERS	NO. OF WARRANTS	%
1	HENGFAI BUSINESS DEVELOPMENT PTE. LTD.	139,834,471	85.34
2	LOH YIH	6,000,000	3.66
3	CITIBANK NOMINEES SINGAPORE PTE LTD	2,605,165	1.59
4	LIM LEE LEE	2,500,000	1.53
5	M JEGIATHESAN S/O MURUGASU	2,500,000	1.53
6	NG THIAN HOO	1,300,000	0.79
7	RAFFLES NOMINEES (PTE.) LIMITED	1,124,565	0.69
8	ANG HAY KIM	1,000,000	0.61
9	TEO ENG LEE	850,000	0.52
10	SEOW YIN KHOI	738,000	0.45
11	CHEW CHIN WEE (ZHOU JINGWEI)	700,830	0.43
12	NG KEE CHUAN	500,000	0.31
13	NG WAI YI	500,000	0.31
14	PHILLIP SECURITIES PTE LTD	440,000	0.27
15	UOB KAY HIAN PRIVATE LIMITED	333,330	0.20
16	KOH LEONG PIT	300,000	0.18
17	LING HANG LIANG	250,000	0.15
18	SEOW BOON HOE	250,000	0.15
19	LEOW LEONG JU	225,000	0.14
20	SIAH BENG WAH	190,000	0.12
	TOTAL	**162,141,361**	**98.97**

Exercise Price : S$0.04 for each New Share on the exercise of a Warrant

Exercise Period : Commencing on 24 October 2016 and expiring at 5.00 p.m. on a date falling 60 months after 24 October 2016, excluding such period(s) during which the register of Warrantholders may be closed pursuant to the Deed Poll.

Warrant Agent : Boardroom Corporate & Advisory Services Pte. Ltd
50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623

STATISTICS OF WARRANTHOLDINGS

As at 31 March 2021

ALSET INTERNATIONAL LIMITED - UNLISTED WARRANTS (W220321)

DISTRIBUTION OF WARRANTHOLDINGS

SIZE OF WARRANTHOLDINGS	NO. OF WARRANTHOLDERS	%	NO. OF WARRANTS	%
1 - 99	0	0.00	0	0.00
100 - 1,000	0	0.00	0	0.00
1,001 - 10,000	0	0.00	0	0.00
10,001 - 1,000,000	5	45.45	3,250,000	0.20
1,000,001 AND ABOVE	6	54.55	1,594,525,000	99.80
TOTAL	**11**	**100.00**	**1,597,775,000**	**100.00**

WARRANTHOLDERS

NO.	NAME OF WARRANTHOLDERS	NO. OF WARRANTS	%
1	HENGFAI BUSINESS DEVELOPMENT PTE. LTD.	1,500,000,000	93.88
2	CHAN HENG FAI AMBROSE	76,925,000	4.81
3	TEH WING KWAN	9,000,000	0.56
4	ANG HAY KIM	6,200,000	0.39
5	LUI WAI LEUNG ALAN	1,200,000	0.08
6	LIM SHENG HON DANNY	1,200,000	0.08
7	LAU YIN SHAN	1,000,000	0.06
8	DAVID ONGKO WIJOYO	750,000	0.05
9	AU YEUNG YUK YEE	500,000	0.03
10	VOO SOON LAN	500,000	0.03
11	WONG ANDRE	500,000	0.03
	TOTAL	**1,597,775,000**	**100.00**

Exercise Price : S$0.048 for each New Share on the exercise of a Warrant

Exercise Period : Commencing on 5 April 2017 and expiring at 5.00 p.m. on a date falling 60 months after 5 April 2017, excluding such period(s) during which the register of Warrantholders may be closed pursuant to the Deed Poll.

Warrant Agent : Boardroom Corporate & Advisory Services Pte. Ltd
50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of **Alset International Limited** (the "**Company**") will be held by way of electronic means on Wednesday, 28 April 2021 at 11.00 a.m. (Singapore Time) for the following purposes:

As 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 Auditors' Report thereon. **(Ordinary Resolution 1)**

2. To approve the payment of Directors' fees of up to S$200,000 and for payment of such Directors' fees half yearly in arrears for the financial year ending 31 December 2021 (2020: S$200,000). **(Ordinary Resolution 2)**

3. To re-appoint Foo Kon Tan LLP as the Company's Auditors for the financial year ending 31 December 2021 and to authorise the Directors of the Company to fix their remuneration. **(Ordinary Resolution 3)**

4. To re-elect Mr. Wong Shui Yeung, who is retiring by rotation pursuant to Regulation 89 of the Company's Constitution, and who, being eligible, offers himself for re-election, as a Director of the Company.

   [See Explanatory Note (i)] **(Ordinary Resolution 4)**

5. To re-elect Mr. Chan Tung Moe, who is retiring pursuant to Regulation 88 of the Company's Constitution, and who, being eligible, offers himself for re-election, as a Director of the Company.

   [See Explanatory Note (ii)] **(Ordinary Resolution 5)**

6. To re-elect Mr. Lui Wai Leung Alan, who is retiring pursuant to Regulation 88 of the Company's Constitution, and who, being eligible, offers himself for re-election, as a Director of the Company.

   [See Explanatory Note (iii)] **(Ordinary Resolution 6)**

7. To re-elect Mr. Lim Sheng Hon, Danny, who is retiring pursuant to Regulation 88 of the Company's Constitution, and who, being eligible, offers himself for re-election, as a Director of the Company.

   [See Explanatory Note (iv)] **(Ordinary Resolution 7)**

8. Conditional upon passing of Ordinary Resolutions 9 and 10, to re-elect Mr. Tao Yeoh Chi, who is retiring by rotation pursuant to Regulation 89 of the Company's Constitution, and who, being eligible, offers himself for re-election, as a Director of the Company.

   [See Explanatory Note (v)] **(Ordinary Resolution 8)**

9. Conditional upon passing of Ordinary Resolutions 8 and 10, to approve Mr. Tao Yeoh Chi's continued appointment as an Independent Director pursuant to Rule 406(3)(d)(iii) of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**"). This Resolution shall remain in force until the earlier of Mr. Tao Yeoh Chi's retirement or resignation, or the conclusion of the third Annual General Meeting following the passing of this Resolution.

   [See Explanatory Note (v)] **(Ordinary Resolution 9)**

10. Conditional upon passing of Ordinary Resolutions 8 and 9, to approve Mr. Tao Yeoh Chi's continued appointment as an Independent Director pursuant to Rule 406(3)(d)(iii) of the Catalist Rules. The Directors and Chief Executive Officers of the Company, and associates of such Directors and Chief Executive Officers shall abstain from voting on this Resolution. This Resolution shall remain in force until the earlier of Mr. Tao Yeoh Chi's retirement or resignation, or the conclusion of the third Annual General Meeting following the passing of this Resolution.

    [See Explanatory Note (v)] **(Ordinary Resolution 10)**

11. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

As Special Business

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

12. **Authority to allot and issue shares in the capital of the Company – Share Issue Mandate**

That, pursuant to Section 161 of the Companies Act, Cap. 50 (the "**Companies Act**") and Rule 806 of the Catalist Rules, authority be and is hereby given to the Directors of the Company to:

(a) (i) allot and issue shares in the capital of the Company ("**Shares**") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require the Shares to be allotted and issued, including but not limited to the creation, allotment 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 that the authority conferred by this Resolution may have ceased to be in force, allot and issue Shares in pursuance of any Instrument made or granted by the Directors of the Company while this Resolution is in force,

provided that:

(1) the aggregate number of new Shares (including Shares to be allotted and issued in pursuance of the Instruments made or granted pursuant to this Resolution) to be allotted and issued pursuant to this Resolution shall not exceed one hundred per cent. (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of new Shares to be allotted and issued other than on a *pro rata* basis to the members of the Company (including Shares to be allotted and issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (calculated in accordance with sub-paragraph (2) below);

(2) subject to such calculation as may be prescribed by the SGX-ST, for the purpose of determining the aggregate number of new Shares that may be allotted and issued under sub-paragraph (1) above, the percentage total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(i) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;

(ii) new Shares arising from exercising of share options or vesting of share awards, provided that the share options or the share awards are granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(iii) any subsequent bonus issue, consolidation or sub-division of Shares;

Any adjustments made in accordance with sub-paragraphs 2(i) or (2)(ii) above shall only be made in respect of new Shares arising from convertible securities and Instruments which were issued and outstanding and/or subsisting at the time of passing this Resolution.

(3) in exercising the authority conferred by this 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 Company's Constitution for the time being; and

(4) unless revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

[See Explanatory Note (vi)]. **(Ordinary Resolution 11)**

NOTICE OF ANNUAL GENERAL MEETING

13. **Authority to offer and grant share options and to allot and issue Shares in accordance with the Alset Share Option Scheme**

That the Directors of the Company be and are hereby authorized to offer and grant share options in accordance with the Alset Share Option Scheme adopted on 20 November 2013 (the "**Option Scheme**") and to allot and issue such Shares as may be required to be allotted and issued pursuant to the exercise of the share options under the Option Scheme, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Option Scheme, the Share Plan (as defined in Ordinary Resolution 13 below) and any other share based incentive schemes of the Company shall not exceed twenty per cent. (20%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

[See Explanatory Note (vii)] **(Ordinary Resolution 12)**

14. **Authority to offer and grant share awards and to allot and issue Shares in accordance with the Alset Performance Share Plan**

That the Directors of the Company be and are hereby authorized to offer and grant share awards in accordance with the Alset Performance Share Plan adopted on 23 October 2014 (the "**Share Plan**") and to allot and issue such Shares as may be required to be allotted and issued under the Share Plan, provided always that the aggregate number of Shares to be allotted and issued pursuant to the Share Plan, the Option Scheme and any other share based incentive schemes of the Company shall not exceed twenty per cent. (20%) of the total issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

[See Explanatory Note (viii)] **(Ordinary Resolution 13)**

By Order of the Board of Directors of
Alset International Limited
Chan Heng Fai
Executive Chairman, Executive Director and Chief Executive Officer
13 April 2021
Singapore

Explanatory Notes:

(i) Mr. Wong Shui Yeung, if re-elected as a Director of the Company, will remain as an Independent Non-Executive Director and the chairman of the Audit and Risk Management Committee and the Remuneration Committee. Mr. Wong Shui Yeung is considered independent for the purposes of Rule 704(7) of the Catalist Rules. Further information relating to Mr. Wong Shui Yeung as required under Rule 720(5) of the Catalist Rules in relation to his re-election may be found under the sections entitled "Board of Directors", "Corporate Governance Report", and "Additional information on Directors seeking re-election" in the Annual Report for the financial year ended 31 December 2020 (the "**FY2020 Annual Report**").

(ii) Mr. Chan Tung Moe, if re-elected as a Director of the Company, will remain as an Executive Director and Co-Chief Executive Officer of the Company. Further information relating to Mr. Chan Tung Moe as required under Rule 720(5) of the Catalist Rules in relation to his re-election may be found under the sections entitled "Board of Directors", "Corporate Governance Report", and "Additional information on Directors seeking re-election" in the FY2020 Annual Report.

(iii) Mr. Lui Wai Leung Alan, if re-elected as a Director of the Company, will remain as an Executive Director and Chief Financial Officer of the Company. Further information relating to Mr. Lui Wai Leung Alan as required under Rule 720(5) of the Catalist Rules in relation to his re-election may be found under the sections entitled "Board of Directors", "Corporate Governance Report", and "Additional information on Directors seeking re-election" in the FY2020 Annual Report.

(iv) Mr. Lim Sheng Hon, Danny, if re-elected as a Director of the Company, will remain as an Executive Director. Further information relating to Mr. Lim Sheng Hon, Danny as required under Rule 720(5) of the Catalist Rules in relation to his re-election may be found under the sections entitled "Board of Directors", "Corporate Governance Report", and "Additional information on Directors seeking re-election" in the FY2020 Annual Report.

(v) Mr. Tao Yeoh Chi, if re-elected and appointed as a Director of the Company, will remain as the Lead Independent Non-Executive Director and a member of the Nominating Committee. Further information relating to Mr. Tao Yeoh Chi as required under Rule 720(5) of the Catalist Rules in relation to his re-election may be found under the sections entitled "Board of Directors", "Corporate Governance Report", and "Additional information on Directors seeking re-election" in the FY2020 Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

Rule 406(3)(d)(iii) of the Catalist Rules which will take effect from 1 January 2022 provides, *inter alia*, that if a director has been a director for an aggregate period of more than 9 years (whether before or after listing), his continued appointment as an independent director must be sought and approved in separate resolutions by (A) all shareholders; and (B) shareholders, excluding directors, the chief executive officer, and their associates.

Transitional Practice Note 2: Transitional Arrangements Regarding Code of Corporate Governance 2018 of the Catalist Rules provides that "*to ensure that the independence designation of a director who has served for more than 9 years as at and from 1 January 2022 is not affected, an issuer should seek and obtain approvals for his continued appointment as an independent director prior to 1 January 2022. For example, the issuer may do so at the issuer's annual general meeting in calendar year 2021. In accordance with Rule 406(3)(d)(iii), such approvals will remain valid until the conclusion of the 3rd AGM from such approvals*".

Mr. Tao Yeoh Chi, who was first appointed as an Independent Director on 27 June 2013, will be appointed as a Director for more than 9 years as at 27 June 2022. Given the unpredictability of the COVID-19 pandemic, the Company is cognisant that there is no assurance that the next Annual General Meeting will be convened before 27 June 2022 to table the resolutions for Mr. Tao Yeoh Chi's continued appointment as an Independent Director. Accordingly, the Company is tabling the resolutions for the continued appointment of Mr. Tao Yeoh Chi as an Independent Director for shareholders' approval at the upcoming Annual General Meeting, pursuant to Rule 406(3)(d)(iii) of the Catalist Rules.

(vi) The Ordinary Resolution 11 proposed in item 12 above, if passed, will empower the Directors of the Company from the date of the passing of Ordinary Resolution 11 until the date of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier, to allot and issue new Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments. The aggregate number of new Shares (including Shares to be allotted and issued in pursuance of the Instruments made or granted pursuant to Ordinary Resolution 11) to be allotted and issued pursuant to Ordinary Resolution 11 shall not exceed 100% of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company as at the date of the passing of Ordinary Resolution 11. For the allotment and issue of new Shares other than on a pro-rata basis to existing members of the Company, the aggregate number of new Shares (including Shares to be allotted and issued in pursuance of the Instruments made or granted pursuant to Ordinary Resolution 11) to be allotted and issued pursuant to Ordinary Resolution 11 shall not exceed 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings of the Company as at the date of the passing of Ordinary Resolution 11. This authority will, unless previously revoked or varied by the Company in general meeting, expire at the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

(vii) The Ordinary Resolution 12 proposed in item 13 above, if passed, will empower the Directors of the Company, to offer and grant share options and to allot and issue such Shares as may be required to be allotted and issued pursuant to the exercise of the share options under the Option Scheme.

(viii) The Ordinary Resolution 13 proposed in item 14 above, if passed, will empower the Directors of the Company, to offer and grant share awards and to allot and issue such Shares as may be required to be allotted and issued under the Share Plan.

Notes:

1. 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, the Annual General Meeting will be held by way of electronic means on Wednesday, 28 April 2021 at 11.00 a.m. (Singapore Time) for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions in this Notice of Annual General Meeting.

2. Printed copies of this Notice of Annual General Meeting, the FY2020 Annual Report and the Proxy Form will not be sent to members. Instead, this Notice of Annual General Meeting and the Proxy Form may be accessed at the Company's website at the URL https://www.alsetinternational.com/ai-agm-28-apr-2021 by clicking on the hyperlink titled "Notice of AGM, Proxy Form and Accompanying Announcement". The FY2020 Annual Report may be accessed at the Company's website at the URL https://www.alsetinternational.com/annualreport by clicking on the hyperlink titled "Annual Report 2020". This Notice of Annual General Meeting, the FY2020 Annual Report and the Proxy Form are also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

3. Alternative arrangements relating to attendance at the Annual General Meeting of the Company via electronic means (including arrangements by which the proceedings of the Annual General Meeting of the Company may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of comments, queries and/or questions to the Chairman of the Meeting in advance of the Annual General Meeting of the Company, addressing of substantial and relevant comments, queries and/or questions before the Annual General Meeting of the Company and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting of the Company, are set out in the Company's accompanying announcement dated 13 April 2021. This announcement may be accessed at the Company's website at the URL https://www.alsetinternational.com/announcement by clicking on the hyperlink titled "Notice of AGM, Proxy Form and Accompanying Announcement" and is also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

NOTICE OF ANNUAL GENERAL MEETING

4. **Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the Annual General Meeting will be held by way of electronic means and members will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting in accordance with the instructions on the Proxy Form if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** The Proxy Form may be accessed at the Company's website at the URL https://www.alsetinternational.com/ai-agm-28-apr-2021 by clicking on the hyperlink titled "Notice of AGM, Proxy Form and Accompanying Announcement" and is also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

5. The Chairman of the Meeting, acting as proxy, need not be a member of the Company.

6. The Proxy Form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or

   (b) if submitted by way of electronic means, be submitted via email to the Company at alsetagm2021@alsetinternational.com,

   in either case, by 11.00 a.m. on Sunday, 25 April 2021. A member who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, members are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**

Personal Data Privacy:

By submitting the Proxy Form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting and/or any adjournment thereof, and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting and/or any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

The information required under Catalist Rule 720(5) and Appendix 7F of the SGX-ST Listing Manual in respect of Directors seeking re-election at the Annual General Meeting on 29 April 2020 is set out below.

Details	**Name of Director**				
	Tao Yeoh Chi	Wong Shui Yeung	Chan Tung Moe	Lui Wai Leung Alan	Lim Sheng Hon, Danny
Date of appointment	27 June 2013	5 June 2017	11 December 2020	2 July 2020	2 July 2020
Date of last re-appointment	30 April 2018	30 April 2018	Not applicable	Not applicable	Not applicable
Age	68	50	42	50	29
Country of principal residence	Singapore	Hong Kong	Singapore	Hong Kong	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors has approved the re-election of Mr. Tao Yeoh Chi as the Lead Independent Non-Executive Director of the Company. The Board has considered the recommendation of the Nominating Committee and is of the view that Mr. Tao Yeoh Chi has the requisite experience, qualifications and capabilities as required by the Board as the Lead Independent Non-Executive Director.	The Board of Directors has approved the re-election of Mr. Wong Shui Yeung as an Independent Non-Executive Director of the Company. The Board has considered the recommendation of the Nominating Committee and is of the view that Mr. Wong Shui Yeung has the requisite experience, qualifications and capabilities as required by the Board as an Independent Non-Executive Director.	The Board of Directors has approved the re-election of Mr. Chan Tung Moe as an Executive Director of the Company. The Board has considered the recommendation of the Nominating Committee and is of the view that Mr. Chan Tung Moe has the requisite experience, qualifications and capabilities as required by the Board as an Executive Director.	The Board of Directors has approved the re-election of Mr. Lui Wai Leung Alan as an Executive Director of the Company. The Board has considered the recommendation of the Nominating Committee and is of the view that Mr. Lui Wai Leung Alan has the requisite experience, qualifications and capabilities as required by the Board as an Executive Director.	The Board of Directors has approved the re-election of Mr. Lim Sheng Hon, Danny as an Executive Director of the Company. The Board has considered the recommendation of the Nominating Committee and is of the view that Mr. Lim Sheng Hon, Danny has the requisite experience, qualifications and capabilities as required by the Board as an Executive Director.
Whether the appointment is executive and if so, please state the area of responsibility	Non-Executive	Non-Executive	Executive. Mr. Chan Tung Moe has overall responsibility of the Group's business	Executive. Mr. Lui Wai Leung Alan will continue to be responsible for the overall management of the Group's financial matters, as well as the management and operations of the Group.	Executive. Mr. Lim Sheng Hon, Danny is focused on business development, exploring new business opportunities including structuring, re-structuring and general management of the Group's businesses.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Details	Name of Director				
	Tao Yeoh Chi	Wong Shui Yeung	Chan Tung Moe	Lui Wai Leung Alan	Lim Sheng Hon, Danny
Job title (e.g. Lead ID, AC Chairman, AC member, etc)	Lead Independent Non-Executive Director and a member of the Nominating Committee	Independent Non-Executive Director and Chairman of the Audit and Risk Management Committee and the Remuneration Committee	Executive Director and Co-Chief Executive Officer	Executive Director and Chief Financial Officer.	Executive Director and SVP, Business Development
Professional memberships / qualifications	- Bachelor of Engineering (First Class Honours) - Bachelor of Arts (Economics) from Newcastle University, Australia - INSEAD Executive Programme (IEP)	- Certified Public Accountant (Practising) - Fellow Member of The Hong Kong Institute of Certified Public Accountants - Ordinary Member of Hong Kong Securities and Investment Institute (HKSI) - Certified International Investment Analyst (CIIA) – Final Examination I - HKSI Foundation Programme Examination Certificate (FPE) - HKSI Financial Market Principal Programme Examination Certificate (PPE)	- Masters of Business Administration from the University of Western Ontario, Richard Ivey School of Business - Masters of Engineering from the University of British Columbia - Bachelors of Applied Science from the University of British Columbia	- Certified Practising Accountant (CPA Australia)	- Bachelor of Business with Honours, Banking and Finance

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Details	Name of Director				
	Tao Yeoh Chi	Wong Shui Yeung	Chan Tung Moe	Lui Wai Leung Alan	Lim Sheng Hon, Danny
Working experience and occupation(s) during the past 10 years	Retired from full time employment in 2002	Lerthai Group Limited (formerly known as LT Commercial Real Estate Limited) - Company Secretary (November 2018 to December 2020) - Financial Controller and Company Secretary (September 2016 to November 2018) Zensun Enterprises Limited (formerly known as ZH International Holdings Limited) - Chief Financial Officer (April 2001 to September 2016) SingHaiyi Group Ltd - Chief Financial Officer (April 2009 to July 2013)	Alset International Limited (Singapore) - Executive Director and Co-Chief Executive Officer (2020 to Present) Document Security Systems (USA) - Director (2020 to Present) American Medical REIT Inc. (USA) - Director of Corporate Development (2020 to Present) LiquidValue Development Inc. (f.k.a. SeD Intelligent Home Inc.) (USA) - Director and Co-Chief Executive Officer (2017 to Present) Alset EHome Inc. (f.k.a. Alset iHome Inc.) (USA) - Director and Chief Executive Officer (2015 to Present) Pop Motion Consulting Pte. Ltd. (Singapore) - Chief Executive Officer (2018 to 2020)	ZH International Holdings Ltd - Financial Controller (June 1997 to March 2016) Alset International Limited - Chief Financial Officer (March 2016 to Present)	Oversea-Chinese Banking Corporation (OCBC) Limited – Property Services Pte Ltd - Administrative Assistant (from March 2013 to May 2013) ShareInvestor Pte Ltd, Singapore - Internship (Marketing & Sales Department) (June 2014 to August 2014) Keppel DC REIT - Internship (Portfolio Management Department) (May 2015 to July 2015) Alset International Limited - SVP, Business Development (June 2016 to Present)

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Details	Name of Director				
	Tao Yeoh Chi	Wong Shui Yeung	Chan Tung Moe	Lui Wai Leung Alan	Lim Sheng Hon, Danny
			Singapore eDevelopment Limited (n.k.a. Alset International Limited) (Singapore) - Director and Group Chief Development Officer (2015 to 2018) RSI International Systems Inc. (Canada) - Director (2007 to 2016) Xpress Finance Limited (Hong Kong) - Director and Chief Executive Officer (2002 to 2015) Zensun Enterprises Limited (Hong Kong) - Director and Chief Operating Officer (2001 to 2015) SingHaiyi Group Limited (Singapore) - Director and Chief Development Officer (2006 to 2014) Mr. Chan Tung Moe has experience in the fields of property development, property investment, property management, project syndication, REIT establishment and management, hospitality, technology and finance.		

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Details	Name of Director				
	Tao Yeoh Chi	Wong Shui Yeung	Chan Tung Moe	Lui Wai Leung Alan	Lim Sheng Hon, Danny
Shareholding interest in the Company and its subsidiaries	2,000,000 shares in the Company	Nil	1,500,000 shares in the Company	1,000,000 shares in the Company 1,200,000 2017 Warrants of the Company	1,200,000 2017 Warrants of the Company
Any relationship (including immediate family member relationships) with any existing director, existing executive officer, the Company and/or substantial shareholder of the Company or any of its principal subsidiaries	Nil	Nil	Mr. Chan Tung Moe is the son of Mr. Chan Heng Fai, the Executive Chairman, an Executive Director, the Chief Executive Officer and a controlling shareholder of the Company and Mrs. Chan Yoke Keow, an Administrative Officer of the Company.	Nil	Mr. Lim Sheng Hon, Danny, is the son of Ms Ang Hay Kim, the SVP, Corporate Services, of the Company.
Conflict of Interest (including any competing business)	Nil	Nil	Nil	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) submitted to the Company?	Yes	Yes	Yes	Yes	Yes

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Details	Name of Director				
	Tao Yeoh Chi	Wong Shui Yeung	Chan Tung Moe	Lui Wai Leung Alan	Lim Sheng Hon, Danny
Other Principal Commitments Including Directorships	**Past (for the past 5 years)** - Sapphire Corporation Limited (resigned in December 2017) - Hanwell Holdings Limited (resigned in April 2016) - UON, Singapore Pte. Ltd. (resigned in January 2021) **Present** - ST Telecommunications (Beijing) Co., Ltd. - Universe Group (Singapore) Pte Ltd - Global Resources & Consultants Pte. Ltd. - Eratat Lifestyle Limited (in the process of liquidation)	**Past (for the past 5 years)** - SMI Holdings Group Limited (ceased on 22 December 2020) - SMI Culture & Travel Group Holdings Limited (ceased on 20 November 2020) - Lerthai Group Limited (ceased on 31 December 2020) **Present** - Full Wealth Consultancy Limited	**Past (for the past 5 years)** - American Asian Cancer Center Limited - Galen Life Japan Limited - RSI International Systems Inc. - Singapore eDevelopment Limited (n.k.a. Alset International Limited) – 廣州恒云信息科技有限公 (Guangzhou CloudCom Information Technology Ltd* – for identification purpose only) – 廣州恒云永通信息科技有限公司 (Guangzhou CloudTel Information Technology Ltd* – for identification purpose only) – 廣州恒輝房產咨詢有限公司 (Guangzhou Heng Hui Real Estate Consulting Ltd* – for identification purpose only) – 廣州熱盛通科技有限公司 (HotApps Information Technology Co Ltd* – for identification purpose only)	**Past (for the past 5 years)** – 廣州熱盛通科技有限公司 (HotApps Information Technology Co Ltd) (July 2016 to May 2019) – 廣州恒輝房產咨詢有限公司 (Guangzhou Heng Hui Real Estate Consulting Ltd) (October 2016 to August 2019) **Present** - BMI Capital Partners International Limited - LiquidValue Asset Management Pte. Ltd. - HWH World Inc. (Korea) - WeBeauty Korea Inc. (Korea) - AMRE Asset Management Inc. - UBeauty Limited	**Past (for the past 5 years)** - Nil **Present** - LiquidValue Development Pte. Ltd. - DSS Cyber Security Pte. Ltd. - HWH World Pte. Ltd. - SG Smartfilms Pte. Ltd. - Health Wealth Happiness Pte. Ltd. - HWH World Inc. (Korea) - WeBeauty Inc. (Korea) - Veganburg International Pte. Ltd. (applying for striking off in December 2020) - RBC Life Pte. Ltd. - AMRE Asset Management Inc. - RBC Life Malaysia Sdn. Bhd. - BioHealth Water Inc. - Impact BioHealth Pte. Ltd. - Alset Payment Inc. - HWH Kor Inc. - Hapi Cafe Inc. - Open House Inc. - Open Rental Inc. - OpenBiz Inc. - HWH (S) Pte. Ltd.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Details	Name of Director				
	Tao Yeoh Chi	Wong Shui Yeung	Chan Tung Moe	Lui Wai Leung Alan	Lim Sheng Hon, Danny
			Present - 150 Black Oak GP, Inc. - Alset EHome Inc. (f.k.a. Alset iHome Inc.) - American Medical REIT Inc. - Ballenger Run HomeOwners Association Inc. - Document Security Systems, Inc. - Global Solar REIT Inc. - LiquidValue Development Inc. - OpenBiz Inc. - Pop Motion Consulting Pte. Ltd. - SeD Development USA Inc. - SeD Intelligent Home Inc. - AMRE Asset Management Inc. - DSS BioMedical International Inc. - SeD Development Management, LLC - SeD Maryland Development, LLC		

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Details	Name of Director				
	Tao Yeoh Chi	Wong Shui Yeung	Chan Tung Moe	Lui Wai Leung Alan	Lim Sheng Hon, Danny
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	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?	Eratat Lifestyle Limited is in liquidation under compulsory winding up.	A winding-up order was made against SMI Holdings Group Limited on 7 May 2020 where Mr. Wong Shui Yeung was an independent non-executive director. A winding-up order was made against SMI Culture & Travel Group Holdings Limited on 9 November 2020 where Mr. Wong Shui Yeung was an independent non-executive director.	Yes. Mr. Chan Tung Moe was formerly a director of Xpress Travel Limited, which was formerly a Japanese subsidiary of Zensun Enterprises Limited. In 2008, the board of directors of Xpress Travel Limited filed a petition for the voluntary liquidation of Xpress Travel Limited. The voluntary liquidation process was completed in July 2010.	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Details	Name of Director				
	Tao Yeoh Chi	Wong Shui Yeung	Chan Tung Moe	Lui Wai Leung Alan	Lim Sheng Hon, Danny
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No	No
(e) 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	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Details	Name of Director				
	Tao Yeoh Chi	Wong Shui Yeung	Chan Tung Moe	Lui Wai Leung Alan	Lim Sheng Hon, Danny
(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	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Details	Name of Director				
	Tao Yeoh Chi	Wong Shui Yeung	Chan Tung Moe	Lui Wai Leung Alan	Lim Sheng Hon, Danny
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-					
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Details	Name of Director				
	Tao Yeoh Chi	Wong Shui Yeung	Chan Tung Moe	Lui Wai Leung Alan	Lim Sheng Hon, Danny
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No	No	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Details	Name of Director				
	Tao Yeoh Chi	Wong Shui Yeung	Chan Tung Moe	Lui Wai Leung Alan	Lim Sheng Hon, Danny
Any prior experience as a director of an issuer listed on the Exchange?	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.	Not applicable. This is a re-election of a Director.
If yes, please provide details or prior experience.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
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.	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

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Alset International Limited

(Incorporated in the Republic of Singapore)
(Company Registration Number 200916763W)

Proxy Form

I/We*_______________________________________ (Name) _______________ (NRIC/Passport/Company Registration Number*)

of ____ (Address)

being a member/members* of **Alset International Limited** (the "**Company**"), hereby appoint the Chairman of the Meeting as my/our proxy/proxies to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held by way of electronic means on Wednesday, 28 April 2021 at 11.00 a.m. (Singapore Time) and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. **If no specific direction as to voting is given or in the event of any other matter arising at the Annual General Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.** The Ordinary Resolutions will be put to vote at the Annual General Meeting of the Company by way of poll.

No.	Ordinary Resolutions	Number of Votes For*	Number of Votes Against*
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 Auditors' Report thereon		
2.	To approve the payment of Directors' fees of up to S$200,000 and for payment of such Directors' fees half yearly in arrears for the financial year ending 31 December 2021		
3.	To re-appoint Foo Kon Tan LLP as the Company's Auditors and to authorise the Directors of the Company to fix their remuneration		
4.	To re-elect Mr. Wong Shui Yeung, who is retiring by rotation pursuant to Regulation 89 of the Company's Constitution		
5.	To re-elect Mr. Chan Tung Moe, who is retiring pursuant to Regulation 88 of the Company's Constitution		
6.	To re-elect Mr. Lui Wai Leung Alan, who is retiring pursuant to Regulation 88 of the Company's Constitution		
7.	To re-elect Mr. Lim Sheng Hon, Danny, who is retiring pursuant to Regulation 88 of the Company's Constitution		
8.	Conditional upon passing of Ordinary Resolutions 9 and 10, to re-elect Mr. Tao Yeoh Chi, who is retiring by rotation pursuant to Regulation 89 of the Company's Constitution		
9.	Conditional upon passing of Ordinary Resolutions 8 and 10, to approve Mr. Tao Yeoh Chi's continued appointment as an Independent Director pursuant to Rule 406(3)(d)(iii) of the Catalist Rules		
10.	Conditional upon passing of Ordinary Resolutions 8 and 9, to approve Mr. Tao Yeoh Chi's continued appointment as an Independent Director pursuant to Rule 406(3)(d)(iii) of the Catalist Rules		
Special Business			
11.	To approve the authority to allot and issue new Shares		
12.	To approve the authority to offer and grant share options, and to allot and issue Shares in accordance with the Alset Share Option Scheme		
13.	To approve the authority to offer and grant share awards, and to allot and issue Shares in accordance with the Alset Performance Share Plan		

* Delete as appropriate.
[#] If you wish to exercise all your votes "For" or "Against", please indicate so with a [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this __________ day of ________________ 2021.

Total number of shares in:	Number of shares
(a) CDP Register	
(b) Register of Members	

____
Signature(s) or Common Seal of Member

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM

Notes:

1. 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, the Annual General Meeting will be held by way of electronic means on Wednesday, 28 April 2021 at 11.00 a.m. (Singapore Time) for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions in the Notice of Annual General Meeting.

2. Printed copies of the Notice of Annual General Meeting, the Annual Report for the financial year ended 31 December 2020 (the "**FY2020 Annual Report**") and this Proxy Form will not be sent to members. Instead, the Notice of Annual General Meeting and this Proxy Form may be accessed at the Company's website at the URL https://www.alsetinternational.com/ai-agm-28-apr-2021 by clicking on the hyperlink titled "Notice of AGM, Proxy Form and Accompanying Announcement". The FY2020 Annual Report may be accessed at the Company's website at the URL https://www.alsetinternational.com/annualreport by clicking on the hyperlink "Annual Report 2020". The Notice of Annual General Meeting, the FY2020 Annual Report and this Proxy Form are also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

3. Alternative arrangements relating to attendance at the Annual General Meeting of the Company via electronic means (including arrangements by which the proceedings of the Annual General Meeting of the Company may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of comments, queries and/or questions to the Chairman of the Meeting in advance of the Annual General Meeting of the Company, addressing of substantial and relevant comments, queries and/or questions before the Annual General Meeting of the Company and voting by appointing the Chairman of the Meeting as proxy at the Annual General Meeting of the Company, are set out in the Company's accompanying announcement dated 13 April 2021. This announcement may be accessed at the Company's website at the URL https://www.alsetinternational.com/announcement by clicking on the hyperlink titled "Notice of AGM, Proxy Form and Accompanying Announcement" and is also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements.

4. **Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the Annual General Meeting will be held by way of electronic means and members will not be able to attend the Annual General Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the Annual General Meeting in accordance with the instructions on this Proxy Form if such member wishes to exercise his/her/its voting rights at the Annual General Meeting.** This Proxy Form may be accessed at the Company's website at the URL https://www.alsetinternational.com/ai-agm-28-apr-2021 by clicking on the hyperlink titled "Notice of AGM, Proxy Form and Accompanying Announcement" and is also available on SGXNET at the URL https://www.sgx.com/securities/company-announcements. Where a member (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

5. Please insert the total number of 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 (Cap. 289)), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. 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, this Proxy Form shall be deemed to relate to all the Shares held by you.

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

7. This Proxy Form must be submitted to the Company in the following:

   (a) if submitted by post, be lodged with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 50 Raffles Place #32-01 Singapore Land Tower Singapore 048623; or

   (b) if submitted by way of electronic means, be submitted via email to the Company at alsetagm2021@alsetinternational.com,

   in either case, by 11.00 a.m. on Sunday, 25 April 2021. A member who wishes to submit this Proxy Form must first download, complete and sign this Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current COVID-19 restriction orders and the related safe distancing measures in Singapore which may make it difficult for members to submit the completed Proxy Forms by post, members are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**

8. Where this Proxy Form is executed by an individual, it must be executed under the hand of the individual or his/her attorney duly authorised. Where this Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

General:

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on this Proxy Form. In addition, in the case of Shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Annual General Meeting of the Company, as certified by The Central Depository (Pte) Limited to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting of the Company and to speak and vote thereat unless his name appears on the Depository Register 72 hours before the time set for the Annual General Meeting of the Company.

Personal Data Privacy:

By submitting this Proxy Form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the Annual General Meeting and/or any adjournment thereof, and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting and/or any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

CORPORATE INFORMATION

DIRECTORS

Chan Heng Fai
Chan King Fai
Chan Tung Moe
Lam Lee G.
Lim Sheng Hon, Danny
Lui Wai Leung Alan
Tao Yeoh Chi
Wong Shui Yeung
Wong Tat Keung

COMPANY SECRETARY

Gn Jong Yuh Gwendolyn
(LLB Hons)
1 Robinson Road
#18-00 Aia Tower
Singapore 048542

SHARE REGISTRAR

Boardroom Corporate & Advisory
Services Pte Ltd
50 Raffles Place #32-01
Singapore Land Tower
Singapore 048623

REGISTERED OFFICE

7 Temasek Boulevard
#29-01B Suntec Tower One
Singapore 038987
Tel: +65 6333 9181
Fax: +65 6333 9164
Email: contact@alsetinternational.com

AUDITORS

Foo Kon Tan LLP
24 Raffles Place
#07-03 Clifford Centre
Singapore 048621
Partner In Charge: Chan Ser
Date of Appointment: Since Financial Year
Ended 31 December 2019
Number of years in-charge: 2 years

SPONSOR

Hong Leong Finance Limited
16 Raffles Quay
#01-05 Hong Leong Building
Singapore 048581

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