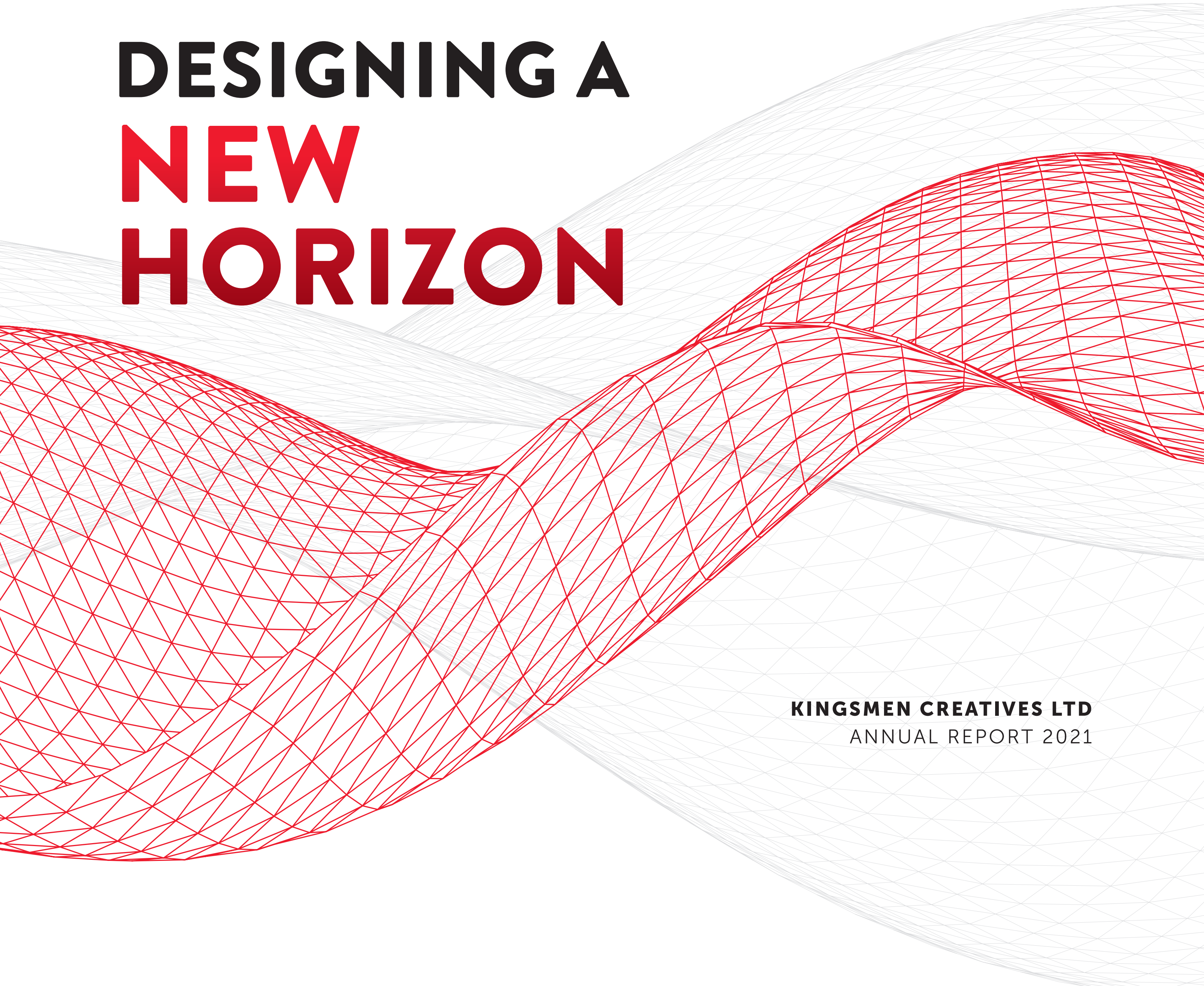
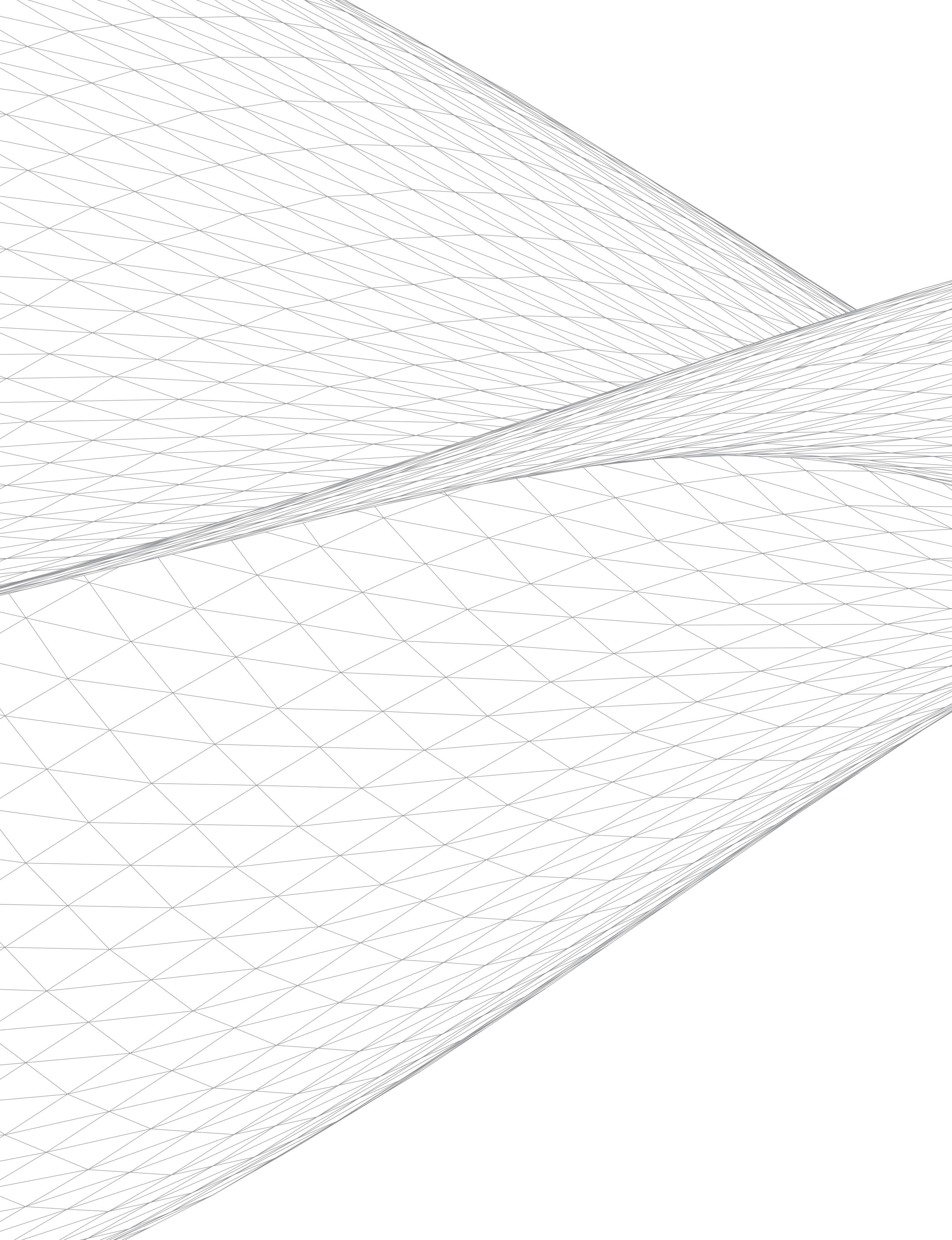
DESIGNING A NEW HORIZON



KINGSMEN CREATIVES LTD
ANNUAL REPORT 2021



CONTENTS

DESIGNING A NEW HORIZON

A GLOBAL-THINKING COMPANY, KINGSMEN TRANSCENDS BOUNDARIES IN OUR CREATION OF NEW IDEAS AND EXPERIENCES. DESIGN REMAINS AT THE FOREFRONT OF EVERYTHING WE DO AND WILL CONTINUE TO DETERMINE THE WAY WE ADVANCE INTO THE FUTURE. WE INNOVATE TO CREATE INSPIRING AND MEMORABLE EXPERIENCES IN OUR WORK. REFLECTING ON OUR CREATIVE PAST, WE MAP OUR PATH TOWARDS A NEW HORIZON AS A PIONEER IN FORWARD-THINKING DESIGN.

VISION

Design-led, quality and service-driven

MISSION

To maintain our position as
one of the leaders in Asia Pacific

To be an active global player and
be recognised as one of the elite
marketing communication houses globally

To provide exciting and fulfilling
career opportunities for all members
through continual expansion
and continuous learning

CHAIRMAN'S MESSAGE

Dear Shareholders,

Kingsmen has weathered two years of uncertainty and disruptions in the marketplace that impacted all areas of our business. Through the crisis, we witnessed the resilience of our business model. The strong fundamentals, together with our wide-ranging measures, enabled us to tide through this period. Our services covered a few business sectors which continued to be robust in the face of the pandemic, while concurrently being negatively impacted in some other sectors. We have the right processes, capabilities and competencies in place. These, together with the strong relationships we have with our supply chain partners, put us in a strong competitive position to deliver relevant solutions in this tough business environment. Agility, fiscal prudence and discipline were key attributes for the business to return to the black in 2021.

As we continued to engage our clients and pursued business opportunities, we saw a fundamental shift in market and client expectations. As our clients' customers' demands evolved, the ability to deliver a differentiated customer experience became imperative. The creation and delivery of customer experiences became more complex than ever before, thus compelling us to innovate, and deliver engagement ideas to meet the demands of the consumers. We are confident about the return of physical, face-to-face interactions and are observing strong demands across all our business sectors.

Owing to the prolong periods of restrictions and uncertainty, our attention was focused on the well-being of our staff; ensuring that all measures taken to combat the market situation had been with their interest in mind. With increasing adoption of digital technologies in our workplace, our people connected with colleagues and clients virtually, as well as engaging in various on-line team-building activities. We also continued to deliver relevant training courses to engage with and prepare our team members for the future.

We are cognizant of the future, post-pandemic; when we need to position ourselves for different aspects of market challenges. Therefore, it is vital that we continue to reinvent ourselves to deliver new differentiated physical and digital offerings for our clients, blending sensory experiences with meaningful storytelling incorporating technologies. We will continue to take steps to strengthen our team's capabilities, increase efficiency and creative offerings that are in keeping with market demands, as we steer the business forward.

BENEDICT SOH
Chairman

GROUP CEO'S MESSAGE

Dear Shareholders,

Amid the ongoing uncertainty and challenges of delays, disruptions and restrictions to project execution which impacted our full recovery, we have remained agile and resilient. With business operations resized, having a continued tight rein on cost management and a greater focus on supply chain delivery, we have been able to better adapt to changing market conditions, and responded effectively to market needs.

Our core business remains robust and we have managed to capture opportunities that have enabled us to return to profitability. In 2021, we recorded a net profit of S$1.0 million on the back of revenue of S$273.2 million, reversing from a net loss of S$11.1 million in the previous corresponding year.

Our Exhibitions, Thematic & Attractions division revenue fell 26.7% in 2021 to S$108.8 million compared to S$148.5 million in 2020. This was mainly a result of cancellation and postponement of physical trade shows, conferences and events by clients and the restriction of operations for experiential attractions. There were however opportunities for hybrid digital/virtual trade shows, conferences and events which enabled the division to secure some new projects. These, coupled with the division's continued work on government related COVID-19 projects and multiple thematic projects, helped partially offset the fall in revenue. The business is already seeing a gradual return, with several events already back on the calendar and new ones planned for the year. The thematic attractions market continues to be buoyant, and the team is busy, as they focus on managing and delivering multiple committed projects, while continuing to build the pipeline for new orders.

Our Retail & Corporate Interiors division revenue grew 23.8% in 2021 to S$148.4 million compared to S$119.9 million in 2020. Despite having to operate with ongoing disruptions and restrictions, the team moved well to capture new opportunities from companies looking to refresh or launch new designs to stay relevant in the new environment. There is a pickup in projects and enquiries as businesses move forward in their business plans and push for new solutions in customer experience and engagement, especially in branded pop-up/experiential installations, as well as in sectors such as F&B and corporate offices.

Our Research & Design division recorded revenue of S$13.0 million in 2021, a decrease of 13.6% compared to S$15.0 million in 2020. Although some projects were put on hold, the division continued to secure projects for new design works and ideas, and see numerous projects proceeding or completed as planned, especially for themed attractions and new experiential and engagement concepts for clients.

Our Alternative Marketing division registered revenue of S$2.9 million in 2021, a decrease of 15.9% from S$3.5 million in 2020. This was a result of the fall in demand for brand activation events and projects following cancellation and postponement by clients. While clients continue to be cautious in committing, they are already looking for new ideas and ways to engage their audiences.

The pandemic continues to have an adverse impact on the global attractions industry with international travel restrictions and strict capacity constraints. Our branded experiential attraction, Nerf Action Xperience in Singapore, has continued to operate at reduced capacity. There is however, pent up demand for activity and engagement opportunities, and we expect the industry to rebound once the restrictions and constraints are lifted. We will therefore continue to expand our branded intellectual property concepts in the overseas markets, and develop and introduce new unique experiences that meet the changing needs of consumers and lifestyles.

While we are on the path to recovery and see a return of the market and clients in our sectors, there are still challenging days ahead. Global uncertainty and disruptions remain, and we will continue to operate a lean organisation with prudent cost measures, while aggressively seeking opportunities to deliver differentiated solutions.

Market needs have evolved, with greater awareness and demand for consumer experiences, and the importance of end-to-end consumer journeys. It is clear that differentiated experiences and engagement are the future for our business.

Therefore moving forward, we will focus on creating experiences for emotional connection, leveraging on the strengths and our foundations of creativity, storytelling and project management. We will engage clients with new ideas and solutions, delivering convenience and excitement, both in the physical and digital realms.

There is much to do and I look forward to our continued journey with optimism and excitement!

ANDREW CHENG
Group CEO

BOARD OF DIRECTORS

From left to right:
Derek Loh, Alex Wee, Andrew Cheng, Benedict Soh, Simon Ong, Cynthia Tan, Anthony Chong and Sebastian Tan

BENEDICT SOH
Chairman

Benedict Soh is dedicated to honing the Group's leadership capabilities and human capital, in addition to his role in charting the Group's strategic direction and exploring new business opportunities. One of two founders of the Group, he has contributed significantly to its growth and has over 40 years of experience in the design & production of interiors, exhibits and marketing communications. Benedict has contributed his services to relevant Government agencies for various initiatives to improve Singapore's international standing in Tourism & Exhibition Services. He is currently a member of the Singapore Business Federation (SBF) Small and Medium-Sized Enterprises Committee (SMEC).

A strong proponent of education, Benedict is the Chairman of the MDIS School of Tourism & Hospitality Industrial Advisory Board and a member of its academic board. He is also a member of SHATEC's Academic & Examination Advisory Council. In 2014, US-based Exhibit Designers & Producers Association (EDPA) conferred the prestigious Hazel Hays Award in recognition of Benedict's outstanding contributions to the trade show industry, in addition to the Lifetime Achievement for Outstanding Contribution to Tourism accorded by the Singapore Tourism Board in 2012. Benedict holds a Master of Business Administration from the University of Hull, UK.

SIMON ONG
Deputy Chairman

Simon Ong oversees the strategic planning and development of the Group as well as its creative and brand standards. He is one of the Group's two founders and has contributed significantly to its growth. He is a member of Singapore Interior Design

Accreditation Council and Singapore Furniture Industries Council (Design). Simon served as Chairman of the design cluster in the Manpower, Skills & Training Council of WDA, President of the Interior Designers Association (Singapore), an IDP member of the Design Singapore Council, an advisory board member to the Design Business Chamber of Singapore and a board member of SHOP!, a leading Association of Retail Environments in USA. In 2019, he was inducted into the Shop! Hall of Fame in recognition of his significant contributions to the industry.

An ardent advocate of education, Simon currently serves as a board director of Nanyang Academy of Fine Arts (NAFA). He served as a member of the Advisory Board to the School of Design & Environment at the National University of Singapore (NUS) and Temasek Polytechnic School of Design, and a member of Design Education Review Committee, Singapore (DERC). He was the former Chairman of the School Advisory Board of Cedar Girls Secondary School, and Vice-Chairman of the Potong Pasir CC Management Committee. He was awarded a Master in Design from the University of New South Wales, Australia, and a Master of Business Administration from the University of South Australia.

ANDREW CHENG

Group Chief Executive Officer

Andrew Cheng oversees the Group's day-to-day management, as well as its corporate affairs, business development and strategic planning functions. He has more than 30 years of experience in marketing, sales management, consulting, business development and investor relations. Andrew has a Bachelor of Economics degree from the University of Tasmania, Australia.

ANTHONY CHONG

Group Managing Director, Exhibitions & Thematic

Anthony Chong drives the strategic management and day-to-day operations of the Group's Theme Parks, Museums, Exhibitions and Events businesses. He has more than 35 years of experience in marketing and the fulfilment of different disciplines that encompass world-class attractions, tradeshows, retail interiors and large-scale sporting & corporate events. He currently serves as a member of the School Advisory Council in Cedar Girls Secondary School. Anthony holds a Master of Business Administration from Victoria University of Technology, Australia.

ALEX WEE

Group Managing Director, Retail & Corporate Interiors

Alex Wee has more than 30 years of experience in the fulfilment of retail & corporate interior fit-outs, custom fixture manufacturing, and general contracting. He is responsible for the strategic management and day-to-day operations of the Group's Retail & Corporate Interiors business. Alex has a Bachelor of Construction Management (Honours) from University of Newcastle, Australia, and a Master of Science in Marketing & Consumer Insight from Nanyang Technological University, Singapore.

SEBASTIAN TAN

Independent Director

Sebastian Tan was appointed Independent Director of the Company in April 2013. In May 2000, he co-founded Boardroom Limited, a company listed on the Singapore Exchange (SGX-ST) and was delisted in August 2019. He was the Managing/ Finance Director of Boardroom Limited from May 2000 to March 2013. Having retired from Boardroom Limited, he continues to be an Advisor. Prior to May 2000, he was with Ernst & Young Singapore and its affiliates since September 1973.

Sebastian is currently an Independent Non-Executive Chairman of Jumbo Group Limited and Vibrant Group Ltd and an Independent Director of Food Empire Holdings Limited, IPC Corporation Ltd, Ezra Holdings Limited and Wilton Resources Corporation Ltd. He is also a trustee of Kwan Im Thong Hood Cho Temple and a director of D S Lee Foundation and EtonHouse Community Fund Limited. He is a qualified financial professional from the Association of Chartered Certified Accountants (UK). He was awarded the Public Service Medal in 1996.

CYNTHIA TAN

Independent Director

Cynthia Tan was appointed Independent Director of the Company in November 2016. Prior to joining the board, she spent 16 years as the Executive Vice President, Head of Group Human Resources for OCBC Bank. In her earlier career, she headed the HR functions in LVMH/Duty-Free Group and Apple Computer Singapore. She was a former lecturer at Ngee Ann Polytechnic's School of Business & Accountancy before joining the private sector.

Cynthia is currently an Independent Director of Valuemax Group Limited. She leads the Asia Pacific CHRO council for The Conference Board. She also serves as a Board member of the YMCA Singapore and the Dyslexia Association of Singapore.

Cynthia is a trained Executive Coach from Columbia University, US and certified Diversity Practitioner from Cornell University, US. She obtained her Doctorate in Business Administration from the Hong Kong Polytechnic University, Master in Gerontology from the University of Southampton, UK, Master of Business Administration from the University of Hull, UK, and Diploma in Personnel Management from the University of Cardiff, UK.

DEREK LOH

Independent Director

Derek Loh was appointed Independent Director of the Company in May 2021. He holds a Master of Arts (M.A.), Law (Honours) from the University of Cambridge, UK and practices law in Singapore as an Executive Director of TSMP Law Corporation, specialising in construction and engineering law. He is an Advocate and Solicitor of the Supreme Court.

Derek is currently an Independent Director of Adventus Holdings Limited, Memiontec Holdings Limited and Vibrant Group Limited. He is a member of the Board of Governors of Saint Joseph's International ("SJI") and also a trustee and a member of the Management Committee of SJI Philanthropic Fund for the Lasallian Mission Ltd, a registered charity in Singapore.

SENIOR MANAGEMENT

ROY ONG
Creative Director

MA MING FAI
Managing Director

MILL LUK
Executive Director

DANIEL ANG
Managing Director

ROGER GUO
Director

FRANCIS CHANG
Managing Director

KEVIN CHEON
General Director

ALIX LIM
Managing Director

ROY ONG
Creative Director

Roy Ong is the Creative Director of KR+D, the creative arm of the Group. He is responsible for charting its creative direction and developing its design capabilities, ensuring that all designs meet the aesthetic, functional and budgetary requirements of its clients. Roy is a member of the Interior Design Confederation (Singapore). He received a Master of Design from the University of New South Wales, Australia.

MA MING FAI
Managing Director

Ma Ming Fai is the Managing Director of Kingsmen Hong Kong Limited. An experienced professional with over 41 years of experience in the industry, he is responsible for charting its direction, business development and finance control, as well as managing its day-to-day operations. He is a member of the Hong Kong Institute of Construction Managers, and holds a Bachelor of Engineering (Hons) in Civil Engineering from the Hong Kong Polytechnic University.

MILL LUK
Executive Director

Mill Luk is the Executive Director of Kingsmen Hong Kong Limited, and has 29 years of industry experience. Her responsibilities include managing the company's daily operations and steering it by creating business plans and setting up goals to improve its performance. Mill has a Bachelor of Arts (Hons) in Business Studies, Major in Marketing, from the Hong Kong Polytechnic University.

DANIEL ANG
Managing Director

Daniel Ang is the Managing Director of Kingsmen Shanghai Co., Limited. He is responsible for the day-to-day business management, sales, operations, marketing, finance, human resource of the Shanghai office, as well as the overall strategic development of the different businesses for the China market. He has more than 38 years of experience managing business units in creative design, trade exhibitions, industry conferences, corporate events, retail interiors, corporate showrooms and interactive museums. He holds a Diploma in Marketing from the Institute of Marketing, United Kingdom, and a Diploma in Sales & Marketing from the Marketing Institute of Singapore.

ROGER GUO
Director

Roger Guo is the Director of Kingsmen Beijing Co., Limited. He has over 28 years of experience in the industry, and oversees the daily management of the Beijing office, as well as the strategic management and operations of the various businesses for the China market. He has a Bachelor of Mechanical Engineering from the University of Science and Technology Beijing, China.

FRANCIS CHANG
Managing Director

Francis Chang is the Managing Director of PT Kingsmen Indonesia. He oversees the daily operations of our Indonesia office from design and project management to fabrication. Francis has more than 25 years of experience in interiors, exhibitions and events and six years in architectural construction and management.

KEVIN CHEON
General Director

Kevin Cheon is the General Director of Kingsmen Vietnam Company Limited. He is responsible for the day-to-day operations, sales, marketing and management of our Vietnam offices. With more than 17 years of experience in operations and project management of exhibitions, events and retail interiors, Kevin oversees the strategic development of the business. He holds a Diploma in Management Studies from the Singapore Institute of Management.

ALIX LIM
Managing Director

Alix Lim is the Managing Director of Kingsmen Malaysia. He has over 27 years of experience in the interiors and exhibitions business and is responsible for the overall management including sales & marketing, operations and finance. He holds a Master of Arts in International Business from the York St John University, United Kingdom.

SENIOR MANAGEMENT

DANNY LIM
Managing Director

DAVID TAY
Executive Director

LUKE NG
Creative Director

CRYSTAL CHU
Creative Director

SARAH CHEW
Executive Director

CHRISTINA TEO
Executive Director

EDMUND TAN
Financial Controller

DANNY LIM
Managing Director

Danny Lim is the Managing Director of Kingsmen Ooh-media Pte Ltd, an integrated brand activation agency, and I-Promo Pte Ltd, an end-to-end MICE management company. He is an experienced communications professional with over 30 years of regional experience in the media and marketing communications industry, and is responsible for the overall management of the two offices.

DAVID TAY
Executive Director

David Tay is the Executive Director of Kingsmen Ooh-media Pte Ltd, an integrated brand activation agency, and I-Promo Pte Ltd, an end-to-end MICE management company. With more than 25 years of experience in marketing communications and media, he is responsible for the overall management of the two offices.

LUKE NG
Creative Director

Luke Ng is the Creative Director of KR+D, the creative arm of the Group. With over 20 years of industry experience, he is responsible for charting its creative direction and developing its design capabilities. Focusing on the Group's design-led vision, he is constantly looking to push the boundaries of experiential retail. Beyond just designing spaces, he is passionate about creating new experiences that make a difference. Luke holds a Diploma in Interior Architecture and Design from Temasek Polytechnic.

CRYSTAL CHU
Creative Director

Crystal Chu is the Creative Director of KR+D, the creative arm of the Group, and has 22 years of industry experience under her belt. She is responsible for charting its creative direction, and is involved in its creative conceptualisation, design development and overall management. Crystal is a member of the Design Education Advisory Committee, by DesignSingapore Council, Ministry of Trade & Industry and the Design and Media Academic Advisory Committee at the Institute of Technical Education. Crystal holds a Bachelor of Arts (Hons) in Museum and Exhibition Design from the University of Lincolnshire & Humberside, United Kingdom.

SARAH CHEW
Executive Director

Sarah Chew is the Executive Director of Kingsmen Exhibits Pte Ltd. She oversees the sales & marketing, marketing communications, human resource and administration departments. She is a member of the Extended Board, Advisory Council of the International Federation of Exhibition and Event Services (IFES), and the Technical Committee on MICE and Events by Enterprise Singapore. Sarah has more than 28 years of industry experience, and holds a Bachelor of Arts in Mass Communications (Best Distinction) from RMIT University, Australia.

CHRISTINA TEO
Executive Director

Christina Teo is the Executive Director of Kingsmen Projects Pte Ltd. An industry veteran with 26 years of experience, her responsibilities include overseeing the general management, daily operations and successful completion of retail and corporate interior fit-out projects. She holds a Master of Business Administration from University of Hull, United Kingdom.

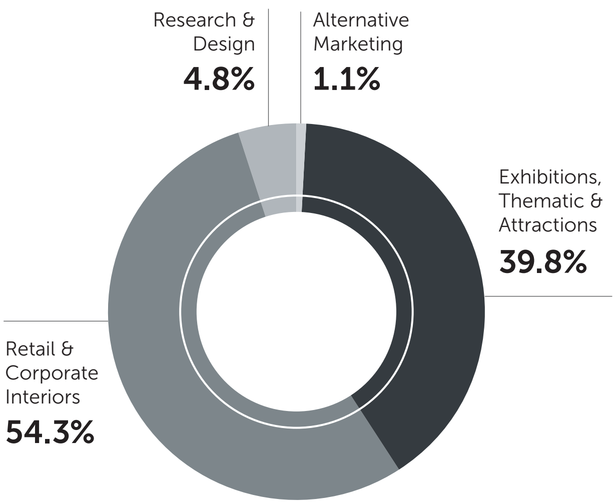
EDMUND TAN
Financial Controller

Edmund Tan is our Financial Controller. He is in charge of the Company's financial and accounting functions in Singapore and responsible for overseeing the financial reporting and accounting functions relating to the Group. Edmund has more than 25 years of experience in the areas of accounting, finance and auditing. He holds a Diploma in Business with Merit (majoring in Accounting and Finance) from Temasek Polytechnic. He is a member of The Association of Chartered Certified Accountants and Institute of Singapore Chartered Accountants.

FINANCIAL HIGHLIGHTS

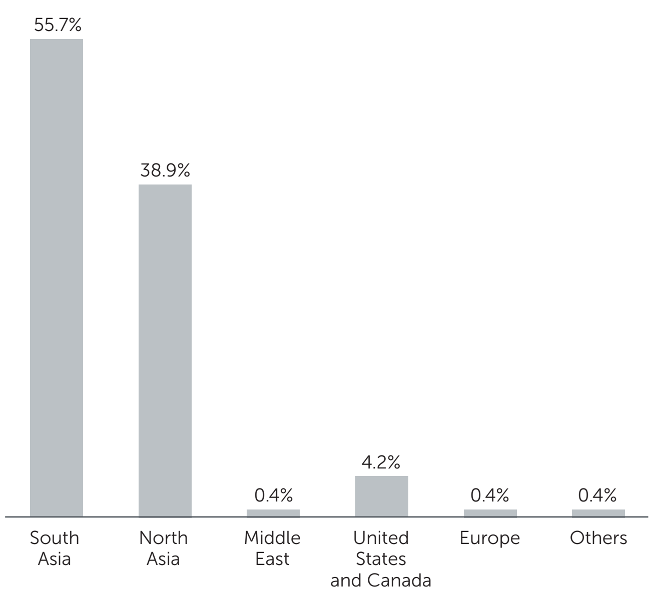
	FY2017	FY2018	FY2019	FY2020	**FY2021**
FOR THE YEAR (S$'000)					
Revenue	307,254	360,928	365,922	286,958	**273,177**
Gross profit	77,198	82,037	77,256	65,971	**58,894**
Profit/(loss) before tax	10,168	11,100	2,174	(9,194)	**1,049**
Profit/(loss) net of tax attributable to equity holders of the Company	9,741	8,154	518	(11,117)	**1,004**
AT YEAR-END (S$'000)					
Total assets	246,365	293,953	286,358	263,775	**250,410**
Total liabilities	124,315	172,554	171,581	157,986	**141,373**
Shareholders' funds	120,924	121,222	115,089	105,017	**109,512**
Cash and cash equivalents	71,073	77,508	63,587	78,672	**80,389**
Borrowings	13,933	35,675	33,374	34,820	**28,801**
PER SHARE (CENTS)					
Earnings/(loss) – basic and diluted	4.90	4.09	0.26	(5.50)	**0.50**
Dividends	2.50	2.50	1.00	–	**–**
Net assets	60.73	60.74	56.99	52.00	**54.23**
KEY RATIOS (%)					
Revenue growth	(6.8)	17.5	1.4	(21.6)	**(4.8)**
Gross profit margin	25.1	22.7	21.1	23.0	**21.6**
Net profit/(loss) margin	3.2	2.3	0.1	(3.9)	**0.4**
Return on shareholders' funds	8.2	6.7	0.4	(10.1)	**0.9**
Debt equity	11.5	29.4	29.0	33.2	**26.3**

REVENUE BY ACTIVITIES



ACTIVITIES	Year Ended 31 Dec 21 S$'000	%	Year Ended 31 Dec 20 S$'000	%
Exhibitions, Thematic & Attractions	**108,834**	**39.8**	148,556	51.8
Retail & Corporate Interiors	**148,429**	**54.3**	119,897	41.8
Research & Design	**12,992**	**4.8**	15,032	5.2
Alternative Marketing	**2,922**	**1.1**	3,473	1.2
Total Revenue	**273,177**	**100.0**	286,958	100.0

REVENUE BY GEOGRAPHY



GEOGRAPHY	Year Ended 31 Dec 21 S$'000	%	Year Ended 31 Dec 20 S$'000	%
South Asia	**152,183**	**55.7**	157,667	54.9
North Asia	**106,309**	**38.9**	116,683	40.7
Middle East	**1,181**	**0.4**	3,144	1.1
United States and Canada	**11,536**	**4.2**	7,118	2.5
Europe	**917**	**0.4**	1,707	0.6
Others	**1,051**	**0.4**	639	0.2
Total Revenue	**273,177**	**100.0**	286,958	100.0

FINANCIAL HIGHLIGHTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Year Ended 31 Dec 21 S$'000	Year Ended 31 Dec 20 S$'000	+ / (–) %
Revenue			
Exhibitions, Thematic & Attractions	**108,834**	148,556	(26.7)
Retail & Corporate Interiors	**148,429**	119,897	23.8
Research & Design	**12,992**	15,032	(13.6)
Alternative Marketing	**2,922**	3,473	(15.9)
Total revenue	**273,177**	286,958	(4.8)
Cost of sales	**(214,283)**	(220,987)	(3.0)
Gross profit	**58,894**	65,971	(10.7)
Other items of income			
Interest income	**268**	398	(32.7)
Other income	**9,005**	12,433	(27.6)
Other items of expense			
Depreciation of property, plant and equipment	**(2,960)**	(3,306)	(10.5)
Employee benefits expense	**(48,254)**	(52,263)	(7.7)
Other expenses	**(13,880)**	(29,147)	(52.4)
Interest expense	**(892)**	(1,172)	(23.9)
Share of result of joint venture	**–**	(403)	n/m
Share of results of associates	**(1,132)**	(1,705)	(33.6)
Profit/(loss) before tax	**1,049**	(9,194)	n/m
Income tax expense	**(1,191)**	(719)	65.6
Loss net of tax	**(142)**	(9,913)	(98.6)
Profit/(loss) net of tax attributable to:			
Equity holders of the Company	**1,004**	(11,117)	n/m
Non-controlling interests	**(1,146)**	1,204	n/m
Loss net of tax	**(142)**	(9,913)	(98.6)

Note:
n/m = not meaningful

REVIEW OF FINANCIAL PERFORMANCE

Revenue
For the financial year ended 31 December 2021 ("FY2021"), the Group recorded a revenue of S$273.2 million, a decrease of S$13.8 million or 4.8% compared to S$287.0 million for the previous corresponding financial year ended 31 December 2020 ("FY2020").

The Exhibitions, Thematic & Attractions division registered a revenue of S$108.8 million in FY2021, a decrease of S$39.7 million or 26.7% from S$148.5 million recorded in FY2020. The decrease in revenue was mainly due to the cancellation and postponement of physical trade shows, conferences and events by clients and the restriction of operations for experiential attractions, as the division continued to face headwinds due to international travel restrictions and strict capacity constraints. Amid the pandemic, the growing demand for hybrid digital/virtual trade shows, conferences and events has enabled the division to secure some of these new projects. These, coupled with the division's continued work on government related COVID-19 projects and multiple thematic projects, have helped to partially offset the fall in revenue.

The Retail & Corporate Interiors division recorded a revenue of S$148.4 million in FY2021, an increase of S$28.5 million or 23.8% compared to S$119.9 million in FY2020. The division has remained agile and resilient during the ongoing challenges of delays, disruptions and restrictions to project execution, and managed to capture new opportunities that emerged, which contributed positively to its revenue.

The Research & Design division achieved a revenue of S$13.0 million in FY2021, a decrease of S$2.0 million or 13.6% from S$15.0 million recorded in FY2020. Although some projects were put on hold, the division continued to secure new projects and see numerous projects proceeding or completed as planned.

The Alternative Marketing division registered a revenue of S$2.9 million in FY2021, a decrease of S$0.6 million or 15.9% from S$3.5 million in FY2020. The division was impacted by the fall in demand for brand activation events and projects following cancellation and postponement by clients.

Gross Profit
Gross profit in FY2021 decreased by S$7.1 million or 10.7% to S$58.9 million compared to S$66.0 million recorded in FY2020. The decrease was a result of lower revenue registered and lower margin achieved for certain events and projects. Gross profit margin was lower at 21.6% in FY2021 compared to 23.0% in FY2020.

Other Items of Income
Interest income decreased by S$130,000 or 32.7% from S$398,000 in FY2020 to S$268,000 in FY2021. The decrease was mainly due to a decline in the fixed deposit interest rates offered by banks.

Other income decreased by S$3.4 million or 27.6% from S$12.4 million recorded in FY2020 to S$9.0 million in FY2021. The decrease was mainly due to the recognition of lower grants, subsidies and rebates (arising largely from the Jobs Support Scheme) and write-off of long outstanding trade and other payables, and partially offset by the recognition of a gain on disposal of assets classified as held for sale as the sale was completed during the year.

Other Items of Expense
Depreciation charge on property, plant and equipment was S$3.0 million in FY2021, a decrease of S$0.3 million or 10.5% from S$3.3 million in FY2020. The decrease was mainly due to fully depreciated assets, of which no further depreciation charge was recorded.

Employee benefits expense declined by S$4.0 million or 7.7% from S$52.3 million in FY2020 to S$48.3 million in FY2021. The decline was mainly due to lower performance linked incentives recorded and a reduction in headcount as the Group continues to right-size its workforce.

Other expenses stood at S$13.9 million in FY2021, a decrease of S$15.3 million or 52.4% compared to S$29.2 million in FY2020. The decrease was mainly due to cost containment and saving measures implemented, lower impairment losses recognised on doubtful trade receivables, property, plant and equipment (experiential and themed attraction asset) and right-of-use asset (lease of retail premises for the operation of the experiential and themed attraction business) and the absence of impairment losses recognised on contract assets and intangible assets. The impairment loss on doubtful trade receivables mainly pertains to final account claims and retention sums and was made in consideration of the difficulty encountered in the recovery of the balances after taking into account factors such as outcome of negotiations, insolvency or significant financial difficulties and potential default or significant delay in payments. The impairment losses on property, plant and equipment and right-of-use asset were recognised after a review of the assets and the assumptions used in the assessment of their carrying values, including the impact and implications of the pandemic.

FINANCIAL HIGHLIGHTS

Interest expense fell by S$0.3 million or 23.9% from S$1.2 million in FY2020 to S$0.9 million in FY2021. The fall in interest expense was mainly due to a lower amount of loans and borrowings outstanding and lower interest rates charged on the loans and borrowings.

Share of Result of Joint Venture
Share of loss of joint venture in FY2021 was not recognised as the Group does not have any obligations in respect of the loss where its share of loss exceeds the Group's interest in the joint venture. The Group's cumulative share of the unrecognised losses as at 31 December 2021 was S$0.6 million.

Share of Results of Associates
Share of losses of associates decreased by S$0.6 million or 33.6% from S$1.7 million in FY2020 to S$1.1 million in FY2021. The decrease was mainly due to lower loss contribution from certain associates.

Income Tax Expense
Income tax expense increased by S$0.5 million or 65.6% from S$0.7 million in FY2020 to S$1.2 million in FY2021. The income tax expense was mainly due to the utilisation of deferred tax assets arising from tax losses of entities of the Group and the recognition of income tax payable by profitable entities of the Group.

Profit/(Loss) Net of Tax Attributable to Equity Holders of the Company
Based on the above, the Group recorded a profit net of tax attributable to equity holders of the Company of S$1.0 million in FY2021 compared to a loss net of tax attributable to equity holders of the Company of S$11.1 million in FY2020.

REVIEW OF FINANCIAL POSITION

Non-current Assets
Non-current assets amounted to S$65.3 million as at 31 December 2021, representing a decrease of S$7.3 million from S$72.6 million as at 31 December 2020. The decrease was mainly due to lower property, plant and equipment, investments in associates, right-of-use assets and deferred tax assets of S$7.0 million, S$1.3 million, S$1.7 million and S$1.2 million respectively, and partially offset by higher investment property and other investments of S$1.6 million and S$2.4 million respectively.

The decrease in property, plant and equipment was mainly due to the depreciation charge for the year, reclassification of freehold land and building (that were leased out to earn rental income and no longer held in use for business operations) to investment property, disposal of assets and impairment loss on experiential and themed attraction asset, and partially offset by addition of assets.

The decrease in investments in associates was mainly due to the equity accounting of the share of losses for the year.

The decrease in right-of-use assets was mainly due to the depreciation charge for the year and impairment loss on the lease of retail premises for the operation of the experiential and themed attraction business, and partially offset by addition of assets.

The decrease in deferred tax assets was mainly attributable to the utilisation of deferred tax assets during the year arising from tax losses of entities of the Group.

The investment property relates to a property of a subsidiary, comprising of freehold land and building, that was leased out at year end to a third party to earn rental income. Consequently, the freehold land and building were reclassified from property, plant and equipment to investment property as they were no longer held in use by the subsidiary for its business operations.

The increase in other investments was due to the subscription to a rights and warrants issue arising from the investment in quoted equity shares during the year and the recognition of a net increase in the fair value of the investment in quoted equity shares and warrants based on quoted market prices as at year end.

Current Assets
Current assets amounted to S$185.1 million as at 31 December 2021, representing a decrease of S$6.0 million from S$191.1 million as at 31 December 2020. The decrease was mainly due to lower trade and other receivables and assets classified as held for sale of S$6.7 million and S$1.6 million respectively, and partially offset by higher contract assets, other assets and cash and cash equivalents of S$0.8 million, S$0.5 million and S$1.3 million respectively.

Trade and other receivables comprise of trade receivables and other receivables of S$63.3 million (2020: S$69.2 million) and S$11.0 million (2020: S$11.8 million) respectively. The decrease in trade receivables of S$5.9 million was mainly due to the collections made and the impairment loss recognised, and is in line with the level of business activities during the year due to the pandemic. The decrease in other receivables of S$0.8 million was mainly due to lower miscellaneous receivables of S$2.4 million due to collections made, and partially offset by a loan of S$0.9 million to a joint venture for working capital purpose and higher deposits of S$0.7 million.

The assets classified as held for sale (which comprised of freehold land and building reclassified from property, plant and equipment for the sale) were derecognised as the sale was completed during the year.

The increase in contract assets was mainly due to the longer duration taken to perform and complete the work and the subsequent approval by, and invoicing to, clients due to the pandemic.

The increase in other assets was mainly due to more prepayments made and is in line with the business activities during the year due to the pandemic.

The increase in cash and cash equivalents was mainly attributable to the cash inflows from operating and investing activities and partially offset by the cash outflows from financing activities.

Non-current Liabilities
Non-current liabilities amounted to S$24.9 million as at 31 December 2021, representing a decrease of S$4.3 million from S$29.2 million as at 31 December 2020. The decrease was mainly due to lower other financial liabilities of S$4.2 million.

Other financial liabilities comprise of loans and borrowings and lease liabilities of S$18.7 million (2020: S$21.8 million) and S$4.7 million (2020: S$5.8 million) respectively. The decrease in loans and borrowings of S$3.1 million and lease liabilities of S$1.1 million was due to amounts reclassified from non-current to current as they become due and repayable within the next 12 months from 31 December 2021. The decrease in lease liabilities was partially offset by new lease liabilities taken out.

Current Liabilities
Current liabilities amounted to S$116.5 million as at 31 December 2021, representing a decrease of S$12.3 million from S$128.8 million as at 31 December 2020. The decrease was mainly due to lower trade and other payables and other financial liabilities of S$11.0 million and S$3.5 million respectively, and partially offset by higher contract liabilities and other liabilities of S$1.5 million and S$1.7 million respectively.

Trade and other payables comprise of trade payables and other payables of S$75.4 million (2020: S$82.6 million) and S$16.2 million (2020: S$20.0 million) respectively. The decrease in trade payables of S$7.2 million was mainly due to the payments made, and is in line with the level of business activities during the year due to the pandemic. The decrease in other payables of S$3.8 million was mainly due to lower miscellaneous payables and accrued operating expenses of S$1.3 million and S$3.1 million respectively due to payments made, and partially offset by higher provision for unutilised leave of S$0.5 million.

Other financial liabilities comprise of loans and borrowings and lease liabilities of S$10.1 million (2020: S$13.0 million) and S$2.1 million (2020: S$2.8 million) respectively. The decrease in loans and borrowings of S$2.9 million and lease liabilities of S$0.7 million was due to repayments of matured amounts, and partially offset by new amounts taken out and amounts reclassified from non-current to current as they become due and repayable within the next 12 months from 31 December 2021.

The increase in contract liabilities was mainly due to advance consideration received from clients for ongoing projects, progress billings issued in excess of the right to payment and the longer duration taken to perform and complete the work due to the pandemic.

Other liabilities comprise of deferred income of S$4.5 million (2020: S$2.8 million) and the increase was due to higher amounts recognised for new projects and is in line with the business activities during the year due to the pandemic.

REVIEW OF CASH FLOW POSITION

Net cash from operating activities of S$6.5 million in FY2021 arose mainly from profit before tax of S$1.0 million and adjusted for a net increase in non-cash flow items of S$11.2 million (largely from depreciation of property, plant and equipment, depreciation of right-of-use assets, impairment losses on property, plant and equipment, right-of-use asset and doubtful trade receivables and gain on disposal of assets classified as held for sale) and cash outflow from a net increase in working capital requirements of S$4.2 million (largely from movements in trade and other receivables, trade and other payables and other liabilities), and partially offset by income tax paid of S$1.2 million.

Net cash from investing activities of S$3.0 million in FY2021 arose mainly from proceeds from disposal of assets classified as held for sale of S$3.1 million and proceeds from disposal of property, plant and equipment of S$0.8 million, and partially offset by purchase of property, plant and equipment of S$0.7 million and acquisition of other investments of S$0.3 million.

Net cash used in financing activities of S$9.0 million in FY2021 arose mainly from net repayment of loans and borrowings of S$5.7 million and repayment of lease liabilities of S$3.4 million.

Based on the above, the Group had a net increase in cash and cash equivalents of S$0.5 million in FY2021 and the cash and cash equivalents stood at S$80.4 million as at 31 December 2021.

Life in Edo | Russel Wong in Kyoto, Singapore

EXHIBITIONS, THEMATIC & ATTRACTIONS

Museum of Ice Cream, Singapore

Pop-Up Disney! A Mickey Celebration, Singapore

Infinitus Global Experience Center, China


RATIONALE, Singapore

RETAIL & CORPORATE INTERIORS

BOSS, Japan

RIMOWA, South Korea

Grandrich Corporation Office, Singapore

Changi Chapel and Museum, Singapore

RESEARCH & DESIGN


361° x Three-Body, China

M+ Shop in M+ Museum, Hong Kong

DHL Mobile Middle East and Africa (MEA) Innovation Center, MEA

Bvlgari Magnifica, Singapore

ALTERNATIVE MARKETING

LazMall Brands Future Forum, Singapore

Burberry Olympia Bag Round-The-World Tour, Singapore

Dyson Roadshow, South Korea

CORPORATE INFORMATION

BOARD OF DIRECTORS

Benedict Soh Siak Poh
Executive Chairman

Simon Ong Chin Sim
Deputy Executive Chairman

Andrew Cheng Oon Teck
Group Chief Executive Officer and Executive Director

Anthony Chong Siew Ling
Group Managing Director, Exhibitions & Thematic and Executive Director

Alex Wee Huat Seng
Group Managing Director, Retail & Corporate Interiors and Executive Director

Sebastian Tan Cher Liang
Independent Director

Cynthia Tan Guan Hiang
Independent Director

Derek Loh Eu Tse
Independent Director

AUDIT COMMITTEE

Sebastian Tan Cher Liang
Chairman

Cynthia Tan Guan Hiang

Derek Loh Eu Tse

NOMINATING COMMITTEE

Derek Loh Eu Tse
Chairman

Sebastian Tan Cher Liang

Cynthia Tan Guan Hiang

Benedict Soh Siak Poh

Simon Ong Chin Sim

REMUNERATION COMMITTEE

Cynthia Tan Guan Hiang
Chairwoman

Sebastian Tan Cher Liang

Derek Loh Eu Tse

REGISTERED OFFICE

22 Changi Business Park Central 2
The Kingsmen Experience
Singapore 486032
Telephone: (65) 6880 0088
Website: www.kingsmen-int.com

COMPANY REGISTRATION NUMBER

200210790Z

JOINT COMPANY SECRETARIES

Chee Yuen Li, Andrea

Tan Yong Kwang

SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte Ltd
1 Harbourfront Avenue #14-03/07
Keppel Bay Tower
Singapore 098632

AUDITORS

RSM Chio Lim LLP
8 Wilkie Road #03-08
Wilkie Edge
Singapore 228095

Partner-in-charge: Lock Chee Wee
Appointed since financial year ended 31 December 2019

PRINCIPAL BANKERS

DBS Bank Ltd

The Hongkong and Shanghai Banking Corporation Limited

United Overseas Bank Limited

CORPORATE GOVERNANCE REPORT

Kingsmen Creatives Ltd. (the "**Company**") and its subsidiaries (collectively, the "**Group**") are committed to achieving a high standard of corporate governance, and to complying with the Code of Corporate Governance 2018 (the "**Code**"). The Company believes that good corporate governance provides the framework for an ethical and accountable corporate environment, which will safeguard the interests of shareholders. This report describes the Group's main corporate governance practices with specific references to the principles of the Code.

The Company is pleased to confirm that throughout the financial year ended 31 December 2021 ("**FY2021**"), the Group has complied substantially with the principles and provisions of the Code. Where there are deviations from the recommendations of the Code, we have provided the reasons and explanations in relation to the Group's practices, where appropriate.

1. BOARD MATTERS

The Board's Conduct of Affairs

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

The directors are fiduciaries who act objectively in the best interests of the Group and hold management accountable for performance. The Board of Directors (the "**Board**") puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Group. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

The principal roles of the Board are to:

- set and direct the long-term vision and strategic direction of the Group, which include appropriate focus on value creation, innovation and sustainability;
- constructively challenge management and review the performance of management;
- establish a proper risk management system to ensure that key potential risks faced by the Group are properly identified and managed;
- conduct periodic reviews of the Group's internal controls, financial performance, compliance practices and resource allocation;
- approve annual budgets and proposals for acquisitions, investments and disposals;
- ensure the Group's compliance with good corporate governance practices; and
- set the Group's values and standards, and ensure that obligations to shareholders and other stakeholders are understood and met.

<u>Delegation by the Board</u>

Board committees, namely the Nominating Committee (the "**NC**"), Remuneration Committee (the "**RC**") and Audit Committee (the "**AC**"), have been constituted to assist the Board in the discharge of specific responsibilities. The compositions, duties, authorities and accountabilities of each committee are set out in their respective written terms of reference. Further information on the roles and responsibilities of the NC, RC and AC are described separately under the various sections relating to each committee below.

CORPORATE GOVERNANCE REPORT

Board Approval

Matters which specifically require the Board's approval are:

- corporate strategy and business plans;
- major funding proposals and investments including the Group's commitment in terms of capital and other resources;
- the appointment and remuneration packages of the directors and key management;
- the Group's interim and full-year financial statements announcements and annual report for each financial year;
- material acquisitions and disposals of assets;
- share issuances, interim dividends and other returns to shareholders; and
- matters involving a conflict of interest for a substantial shareholder or a director.

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

Board and Board Committees Meetings

The schedule of all Board and Board committees meetings and the Annual General Meeting ("**AGM**") for each financial year is planned well in advance, in consultation with the directors. The Board meets at least four (4) times a year at regular intervals and on an ad-hoc basis, as and when circumstances require. Tele-conferencing at Board meetings is allowed under the Company's Constitution.

The number of Board and Board committees meetings held in FY2021 and the attendance of our directors at these meetings are as follows:

	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting	
Name of Director	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**	**Held**	**Attended**
Soh Siak Poh Benedict	4	4	4	4 *	2	2	1	1 *
Simon Ong Chin Sim	4	4	4	4 *	2	2	1	1 *
Cheng Oon Teck	4	4	4	4 *	2	2 *	1	1 *
Chong Siew Ling	4	4	4	4 *	2	2 *	1	1 *
Wee Huat Seng	4	4	4	4 *	2	2 *	1	1 *
Prabhakaran S/O Narayanan Nair (1)	4	1	4	1	2	1	1	1
Tan Cher Liang	4	4	4	4	2	2	1	1
Tan Guan Hiang	4	4	4	4	2	2	1	1
Loh Eu Tse Derek (2)	4	3	4	3	2	–	1	–

* Attendance by invitation

Notes:

(1) Mr Prabhakaran S/O Narayanan Nair retired as an independent director with effect from 29 April 2021. He served as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee.

(2) Mr Loh Eu Tse Derek was appointed as an independent director with effect from 12 May 2021. He serves as the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee.

CORPORATE GOVERNANCE REPORT

Board Orientation and Training

A formal letter of appointment is provided to every new director, setting out his/her duties and obligations. A new director will also receive an orientation package which includes materials to familiarise new directors with the Group's business, operations, structure and governance practices relating to, *inter alia*, disclosure of interests in the Company's securities, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive information. For new directors who do not have prior experience as a director of a public listed company in Singapore, they will attend training courses organised by the Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry-specific knowledge, where appropriate, in connection with their duties.

All directors are also provided with briefings, trainings and updates in areas such as corporate governance, sustainability, changes to laws and regulations pertaining to the Group's business and operations, and changes in financial reporting standards, so as to enable them to properly discharge their duties as Board or Board committee members.

Further, in order to provide the independent directors with a better understanding of the Group's business and operations, the Company conducts visits to the Group's operational facilities. Directors can also request further briefings or information on any aspect of the Group's business or operations from management.

Access to Information

The Company makes available to all directors its management accounts and other financial statements, budgets and forecasts, together with all other relevant information. The directors can seek detailed information from management regarding the management accounts and other financial statements, budgets and forecasts, where necessary. In addition, management will inform and/or update the directors of any significant issues and/or matters on a timely basis. Detailed board papers are provided to the directors before the scheduled meetings so as to enable them to make informed decisions. In respect of forecasts, any material variance between the projections and the actual results is reviewed by the directors and disclosed and explained by management, where required by the directors.

At each Board meeting, management briefs the directors on the state of the Group's business, operations, finances and risks. The directors are also briefed on key developments in the Group's industry both locally and overseas, where appropriate.

The directors have also been provided with the contact details of the Company's management and company secretaries to facilitate separate and independent access. At least one (1) company secretary is in attendance at all Board and Board committees meetings. Together with management, the company secretaries are responsible for ensuring that appropriate board procedures are followed and that the requirements of the Companies Act 1967 (Singapore) and the provisions in the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**") are complied with. The appointment and removal of each company secretary is subject to the Board's approval.

The directors may, in furtherance of their duties, take independent professional advice, if necessary, at the Company's expense.

Board Composition and Guidance

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

Board Composition

Currently, the Board comprises eight (8) directors, three (3) of whom are independent. The Board is constituted as follows:

Mr Soh Siak Poh Benedict	(Executive Chairman)
Mr Simon Ong Chin Sim	(Deputy Executive Chairman)
Mr Cheng Oon Teck	(Group Chief Executive Officer and Executive Director)
Mr Chong Siew Ling	(Group Managing Director, Exhibitions & Thematic and Executive Director)
Mr Wee Huat Seng	(Group Managing Director, Retail & Corporate Interiors and Executive Director)
Mr Tan Cher Liang	(Independent Director)
Ms Tan Guan Hiang	(Independent Director)
Mr Loh Eu Tse Derek	(Independent Director)

Each year, the Board reviews its composition and size, taking into account, *inter alia*, the scope and nature of the Group's business and operations and the benefits of all aspects of diversity, including but not limited to gender, age, cultural and educational background and professional experience in order to maintain an appropriate balance and mix of skills, independence, experience and background of the Board.

The Board regards diversity as an important element to ensure that the Group has the requisite range of perspectives, insights and experience from its leaders for effective management of the Group's business. To this end, the Board has established a written board diversity policy to ensure that it incorporates an appropriate level of diversity of thought, including diversity in skills, experience, and gender. In particular, the Board is committed to pursuing gender diversity in relation to the composition of the Board. In this connection, the NC will ensure that female candidates are included for consideration whenever it seeks to identify a new director to the Board. Having said that, gender is but one aspect of diversity, and a new director will continue to be selected on the basis of his/her skills, experience, knowledge, insight and relevance to the Board.

Board Independence

The Executive Chairman is part of the management team and the three (3) independent directors do not make up a majority of the Board. Accordingly, the Company does not comply with Provision 2.2 of the Code, which requires independent directors to make up a majority of the Board where the Chairman of the Board is not independent, and Provision 2.3 of the Code, which requires non-executive directors to make up a majority of the Board. The Board is of the opinion that based on the Group's current size and operations, it is not necessary to have independent directors make up a majority of the Board at present. The Board, with the three (3) independent directors making up at least one-third of the Board, has an independent element that sufficiently enables it to exercise objective judgement and no individual or group of individuals can dominate the Board's decision-making process.

The independence of each director is reviewed by the NC on an annual basis. In determining whether a director is independent, the NC has adopted the definitions in the Code and the Listing Manual of what constitutes an independent director. Following their rigorous annual review, the NC and the Board are of the view that Mr Tan Cher Liang, Ms Tan Guan Hiang and Mr Loh Eu Tse Derek are independent.

Pursuant to Rule 210(5)(d)(iii) of the Listing Manual which took effect from 1 January 2022, the appointment of independent directors who have served an aggregate period of more than nine (9) years will be subject to a two-tier voting process to be approved by the majority of (i) all shareholders and (ii) all shareholders, excluding shareholders who also serve as directors or the chief executive officer (and their associates). As Mr Tan Cher Liang will be considered a non-independent director with effect from 30 April 2022 on account of having completed more than nine (9) years of service on the Board, Mr Tan Cher Liang's continued appointment as an independent director will thus be subject to the two-tier voting process at the AGM to be held on 28 April 2022 at 10.00 a.m. (the "**2022 AGM**"). Mr Tan Cher Liang, being a NC member, will abstain from any discussion and voting on the matter.

The independent directors contribute accounting and finance knowledge, legal and human resource expertise and business and management experience to the Group, and provide the executive directors and management with diverse and objective perspectives of issues that are brought before the Board. The independent directors also aid in developing the Group's strategic process, reviewing the performance of management in meeting agreed goals and objectives, monitoring the reporting of performance and operating as an appropriate check and balance. The independent directors meet regularly on their own without the presence of the executive directors and management and they will provide feedback to the Executive Chairman and/or the Deputy Executive Chairman after such meetings.

Overall, the Board is of the view that the Board's current composition and size on a holistic basis provide an appropriate balance and mix of skills, independence, experience and knowledge of the Board, and other aspects of diversity such as gender and age, which avoid groupthink, foster constructive debate and facilitate effective decision-making in the best interests of the Group, and which are consistent with the board diversity policy and the intent of the Code. The directors provide core competencies such as accounting, finance, legal and human resource expertise, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. The NC will assess on a regular basis the diversity of the Board in accordance with the objectives set out in the board diversity policy, and ensure that the diversity would be relevant to the business of the Group. The Board is also constantly on the lookout for suitable candidates to join the Board as independent directors as part of its renewal process.

Chairman and Chief Executive Officer

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

Mr Soh Siak Poh Benedict is the Executive Chairman, Mr Simon Ong Chin Sim is the Deputy Executive Chairman, and Mr Cheng Oon Teck is the Group Chief Executive Officer of the Group. This ensures that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. Mr Soh Siak Poh Benedict, Mr Simon Ong Chin Sim and Mr Cheng Oon Teck are not related to each other.

At the operational level, the Group Chief Executive Officer is responsible for the overall management and development of the Group's local and overseas operations, as well as executing the strategic plans set out by the Board. The Deputy Executive Chairman is responsible for spearheading the strategic planning and development of the Group. He is also responsible for the overall strategy and policies of the Group's creative directions and standards. The Executive Chairman oversees the Group's strategic development and sets the overall strategy and policies. He is also responsible for exploring strategic business opportunities.

The Executive Chairman and the Deputy Executive Chairman promote high standards of corporate governance and lead the Board to ensure its effectiveness on all aspects of its role. As part of their administrative duties, the Executive Chairman and the Deputy Executive Chairman set the Board meeting agenda in consultation with the senior management and company secretaries of the Company, and ensure that adequate time is available for the discussion of all agenda items and that the directors receive complete, adequate and timely information. They also encourage constructive relations within the Board and between the Board and management and facilitate effective contribution of the independent directors. In addition, the Executive Chairman and the Deputy Executive Chairman are responsible for ensuring effective communication with shareholders.

Although the Executive Chairman and the Deputy Executive Chairman are part of the management team, the roles of the Executive Chairman, the Deputy Executive Chairman and the Group Chief Executive Officer are separated and each of the Board committees is chaired by an independent director. Accordingly, the Board is of the view that such separation of roles provides an appropriate balance of power and accountability that enhances the Board's capacity for independent decision-making, and sufficient channels of communication between the shareholders and the Board, and at present, it would not be necessary to appoint a lead independent director.

Board Membership

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

Nominating Committee
The NC is chaired by Mr Loh Eu Tse Derek and comprises Mr Tan Cher Liang, Ms Tan Guan Hiang, Mr Soh Siak Poh Benedict and Mr Simon Ong Chin Sim. The majority of the NC members, including the Chairman, are independent directors.

The NC holds at least one (1) meeting in each financial year. The principal functions of the NC in accordance with its written terms of reference are as follows:

- to make recommendations on matters relating to the appointment and re-election of directors, succession plans for directors and key management, in particular, the Executive Chairman, the Deputy Executive Chairman and the Chief Executive Officer, evaluation of the performance of the Board, the Board committees and directors, and training programmes for the Board;
- to determine on an annual basis, and as and when circumstances require, whether or not a director is independent;
- to decide whether a director is able to and has been adequately carrying out his/her duties as a director of the Company;
- to ensure that all directors submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years; and
- to assess the effectiveness of the Board as a whole, its Board committees, and the contribution by each director to the effectiveness of the Board.

The date of first appointment and last re-election of each director is set out below. For the profile of the directors, please refer to the section entitled "Board of Directors" of this Annual Report. In addition, information on each director's shareholding in the Company, if any, is set out in the section entitled "Directors' Statement" of this Annual Report.

Name of Director	Date of First Appointment	Date of Last Re-election
Soh Siak Poh Benedict	16 December 2002	30 April 2019
Simon Ong Chin Sim	16 December 2002	29 April 2021
Cheng Oon Teck	1 July 2016	14 May 2020
Chong Siew Ling	12 August 2003	30 April 2019
Wee Huat Seng	1 July 2016	14 May 2020
Tan Cher Liang	30 April 2013	29 April 2021
Tan Guan Hiang	15 November 2016	14 May 2020
Loh Eu Tse Derek	12 May 2021	–

Directors' Commitments

The NC considers whether a director is able to and has been adequately carrying out his/her duties as a director of the Company, taking into consideration, *inter alia*, the director's number of listed company board representations and other principal commitments[1] as set out in the section entitled "Board of Directors" of this Annual Report. In addition, the NC will take into consideration, *inter alia*, a qualitative assessment of each director's contributions as well as any other relevant time commitments. The Board is of the view that at present, it would not be meaningful to prescribe a maximum number of listed company board representations and other principal commitments which any director may hold. Each director has confirmed that notwithstanding other listed company board representations and other principal commitments (if any), he/she is able to devote sufficient time and attention to the affairs of the Group.

Alternate Directors

There is currently no alternate directors on the Board.

Process for Nomination and Selection of New Directors

The Company adopts a comprehensive and detailed process in the selection of new directors. Candidates are first sourced through an extensive network of contacts and identified based on, *inter alia*, the needs of the Group and the relevant expertise required. When necessary, the NC may seek the help of external consultant(s) in the search process. In selecting suitable candidates to be interviewed, the NC, in consultation with the Board, would also consider the Group's strategic goals, business direction and medium-term needs. The NC then conducts interviews with the candidates, and nominates the candidate deemed most suitable for appointment to the Board and, where required, to the Board committees.

Process for Re-nomination and Re-election of Directors

In recommending a director for re-election to the Board, the NC considers, *inter alia*, his/her performance and contributions to the Board (including attendance and participation in meetings, and time and effort accorded to the Group's business and affairs). All directors submit themselves for re-nomination and re-election at regular intervals and at least once every three (3) years. Pursuant to Regulation 89 of the Company's Constitution, one-third of the Board are to retire from office by rotation and be subject to re-election at the AGM. In addition, Regulation 88 of the Company's Constitution provides that a newly appointed director must retire and submit himself/herself for re-election at the next AGM following his/her appointment. Thereafter, he/she is subject to be re-elected at least once every three (3) years.

Board Performance

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

Board Evaluation Process

The NC will assess and discuss the performance of the Board as a whole and its Board committees on an annual basis. This process includes a questionnaire completed individually by each director, the results of which are presented to the NC for review. Following its review, the NC identifies key areas for improvement and requisite follow-up actions, and provides feedback to the Board. The Board acts on the feedback and in consultation with the NC, proposes, where appropriate, new directors to be appointed or seeks the resignation of directors.

1 The term "**principal commitments**" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.

Each director will evaluate the performance of the Board taking into account a set of performance criteria which includes, *inter alia*, the Board's composition and size, processes, communication, effectiveness and standards of conduct, and financial performance indicators. The Board is of the view that this set of performance criteria recommended by the NC allows for appropriate evaluation and addresses how the directors have enhanced long-term shareholders' value. The Board has met its performance objectives in respect of FY2021.

Individual Director Evaluation

The NC will assess and discuss each director's contribution to the effectiveness of the Board on an annual basis. This process includes a separate questionnaire completed individually by each director, the results of which are presented to the NC for review. In evaluating the contribution by each director, numerous factors are taken into consideration, including attendance records, contributions during Board and Board committees meetings, as well as individual performance of principal functions and fiduciary duties. The NC also considers other contributions by a director such as providing objective perspectives on issues, facilitating business opportunities and strategic relationships, and accessibility to management outside of formal Board and/or Board committees meetings. The performance of each director is taken into account in re-election. Each NC member does not participate in discussions, and abstains from the decision-making process, relating to him/her during the evaluation process.

There was no external facilitator engaged for the Board and individual director evaluation process in FY2021.

2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Level and Mix of Remuneration

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

Disclosure on Remuneration

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

Remuneration Committee

The RC is chaired by Ms Tan Guan Hiang and comprises Mr Tan Cher Liang and Mr Loh Eu Tse Derek. All the RC members, including the Chairwoman, are independent directors. The RC holds at least one (1) meeting in each financial year. The principal function of the RC, in accordance with its written terms of reference, is to set the remuneration guidelines and policies of the Group. The RC also administers the Kingsmen Performance Share Scheme (the "**Scheme**"). Details of the Scheme are contained in the section entitled "Directors' Statement" of this Annual Report.

The Board considers that the members of the RC, who each have years of experience in senior management positions and/or on the boards of various listed companies, collectively have strong management experience and expertise on remuneration issues. If necessary, the RC members may seek professional advice inside and/or outside the Company on the remuneration of all directors and key management. During FY2021, the RC members did not require the service of an external remuneration consultant.

CORPORATE GOVERNANCE REPORT

Procedures for Setting Remuneration

The Company has implemented a formal and transparent procedure for developing policy on director and executive remuneration and for awarding the remuneration packages of individual directors and key management that are appropriate and proportionate to the sustained performance and value creation of the Group, taking into account the strategic objectives of the Group. The RC reviews and recommends to the Board a general framework of remuneration and specific remuneration packages for the Board and key management, covering all aspects of remuneration including directors' fees, salaries, allowances, bonuses, share-based incentives and awards, and benefits-in-kind. The RC's recommendations are submitted for endorsement by the entire Board. Each RC member does not participate in discussions, and abstains from decision-making, relating to any remuneration, compensation or any form of benefits to be granted to him/her.

The RC also reviews the Company's compensation obligations, if any, arising in the event of termination of the executive directors' and key management's contracts of service, to ensure that the termination clauses of such contracts of service are fair and reasonable.

Remuneration Policies

In order to maximise shareholders' value and promote the long-term growth of the Group, the Company seeks to attract, retain and motivate management and employees by offering competitive remuneration packages. The remuneration of our management and employees is set based on, *inter alia*, the relevant scope and extent of responsibilities, prevailing market conditions, comparable industry benchmarks, risk policies of the Group, need for compensation to be symmetric with risk outcomes and time horizon of risks. The Company rewards management and employees based on achievement of individual performance objectives using indicators such as competencies, key result areas, performance ratings and potential of the individual and the Group's financial performance. The Board is of the view that this will motivate our management and employees to achieve superior performance and promote the long-term growth of the Group. The Company does not use contractual provisions to allow it to reclaim incentive components of remuneration from the executive directors and key management in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The executive directors and key management owe fiduciary duties to the Company and the Company should be able to avail itself to remedies against the executive directors and key management in the event of a breach of those fiduciary duties.

Executive Directors' and Key Management's Remuneration

Each of our executive directors and key management is entitled to, *inter alia*, a base salary and performance-related incentives linked to the individual's performance, which is assessed based on their respective performance indicators such as competencies, key result areas, performance ratings and potential of the individual and the Group's financial performance. The terms of our executive directors' and key management's service agreements and their remuneration packages are subject to review by the RC. There are no excessive or onerous removal clauses in these service agreements.

The executive directors have voluntarily taken a 30% reduction in their directors' fees for FY2020, arising from the adverse impact of the COVID-19 pandemic.

Independent Directors' Remuneration

The independent directors have not entered into service agreements with the Company. The RC and the Board are of the view that independent directors should not be over-compensated to the extent that their independence may be compromised. Each independent director receives a basic fee and additional fees for serving on any of the Board committees, which is determined taking into account the effort, time spent and responsibilities of the director. Such fees are subject to approval of the shareholders at each AGM of the Company.

The independent directors have voluntarily taken a 15% reduction in their directors' fees for FY2020, arising from the adverse impact of the COVID-19 pandemic.

Level and Mix of Remuneration

The remuneration of the Company's directors and the Group's key executives for FY2021 is set out below. Overall, the Company's executive directors and the Group's key executives have met the key performance objectives required of them. No termination, retirement or post-employment benefits have been granted to the Company's directors and the Group's key executives.

(a) Directors

Name of Director	Fees %	Salary %	Bonus/ Incentives %	Benefits %	Share Award %	Total Remuneration %	Total Remuneration S$'000
Executive Directors							
Soh Siak Poh Benedict	20	70	5	5	–	100	410
Simon Ong Chin Sim	20	70	5	5	–	100	405
Cheng Oon Teck	11	80	7	2	–	100	462
Chong Siew Ling	5	40	53	2	–	100	761
Wee Huat Seng	7	89	–	4	–	100	283
Independent Directors							
Prabhakaran S/O Narayanan Nair (1)	100	–	–	–	–	100	14
Tan Cher Liang	100	–	–	–	–	100	50
Tan Guan Hiang	100	–	–	–	–	100	43
Loh Eu Tse Derek (2)	100	–	–	–	–	100	27

Notes:
(1) Mr Prabhakaran S/O Narayanan Nair retired as an independent director with effect from 29 April 2021.
(2) Mr Loh Eu Tse Derek was appointed as an independent director with effect from 12 May 2021.

(b) Key Executives

Remuneration of the top five (5) key executives in bands of S$250,000 (who are not directors or the chief executive officer of the Company)

Name of Key Executive	Fees %	Salary %	Bonus/ Incentives %	Benefits %	Share Award %	Total Remuneration %
S$500,000 to S$749,999						
Daniel Ang Sin Eng	2	57	30	11	–	100
S$250,000 to S$499,999						
Ma Ming Fai	2	62	31	5	–	100
Mill Luk Yu Yan	3	57	34	6	–	100
Sarah Chew Sau Har	–	51	46	3	–	100
Crystal Chu Shwu Pyng	–	61	35	4	–	100

The aggregate amount of the total remuneration paid to the Group's top five (5) key executives (who are not directors or the chief executive officer of the Company) is S$2,103,000.

Mr Roy Ong Chin Kwan is the brother and thus an immediate family member of Mr Simon Ong Chin Sim, our Deputy Executive Chairman and a substantial shareholder of the Company. Mr Roy Ong Chin Kwan's remuneration for FY2021 falls in the band of S$200,000 to S$300,000. Save as disclosed above, there are no employees who are substantial shareholders of the Company, or are immediate family members of a director, the chief executive officer or a substantial shareholder of the Company, whose annual remuneration exceeds S$100,000.

Employee Share Scheme

There were no shares awarded and issued pursuant to the Scheme in FY2021. Since the commencement of the Scheme, an aggregate of 9,853,980 fully-paid shares, constituting approximately 4.9% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings), have been awarded and issued.

Further details of the Scheme are set out in the section entitled "Directors' Statement" of this Annual Report.

3. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

The AC and management are responsible for overseeing the Group's risk management framework and policies, including reviewing the Group's business and operational activities to identify areas of significant business risks, and recommending to the Board the appropriate strategy and resources required for managing risks that are consistent with the Group's risk appetite.

Material transactions are subject to risk analysis by the AC and management, and safeguard measures against significant risks are established prior to undertaking new projects. The AC, together with management, will continue to enhance and improve the existing risk management and internal control systems.

The internal and external auditors also assist in the risk management process by identifying certain areas of concern that are uncovered through financial/audit checks. The key risks facing the Group have been identified and appropriate measures are in place to mitigate such risks.

The AC has reviewed and is satisfied with the assurance received by the Board from the executive directors (including the Group Chief Executive Officer who is an executive director) and the Financial Controller that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

Based on the internal controls (including financial, operational, compliance and information technology controls) established and maintained by the Group, work performed by the internal and external auditors, a board risk and assurance framework developed with the assistance of an external consultant, information provided to the AC and the Board and reviews performed by the AC and the Board at least annually, the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls, addressing financial, operational, compliance and information technology risks, and risk management systems, are adequate and effective as at the date of this Annual Report.

The system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. The Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

In accordance with Rule 705(5) of the Listing Manual, the Board provides a negative assurance confirmation to shareholders in its interim financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

In addition, the Group had, pursuant to Rule 720(1) of the Listing Manual, received undertakings from all its directors and executive officers that they each shall, in the exercise of their powers and duties as directors and executive officers, comply to the best of their abilities with the provisions of legislative and regulatory requirements and will also procure the Group to do so.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 10: The board has an audit committee which discharges its duties objectively.

Audit Committee

The AC is chaired by Mr Tan Cher Liang and comprises Ms Tan Guan Hiang and Mr Loh Eu Tse Derek. All the AC members, including the Chairman, are independent directors. No former partner or director of the Company's existing auditing firm is a member of the AC. The Board considers that Mr Tan Cher Liang, who has extensive and practical accounting and financial management knowledge and experience, is well qualified to chair the AC. The members of the AC have recent and relevant knowledge and experience in accounting and/or related financial management and are appropriately qualified to discharge the AC's responsibilities.

The AC holds at least four (4) meetings in each financial year. The principal functions of the AC in accordance with its written terms of reference are as follows:

- reviewing the Group's financial statements, and significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance before their submission to the Board;
- reviewing the audit plans and reports of the internal and external auditors and to consider the effectiveness of the actions taken by management on the auditors' recommendations;
- ensuring that management provides assistance and co-operation to the internal and external auditors;
- evaluating the adequacy and effectiveness of the Group's internal controls and risk management systems by, *inter alia*, reviewing the reports of the internal and external auditors, and management's responses and actions to correct any deficiencies and reporting the same to the Board at least annually;
- reviewing the independence, adequacy and effectiveness of the Group's internal audit function;
- reviewing the assurance from the executive directors (including the Group Chief Executive Officer who is an executive director) and the Financial Controller on the financial records and financial statements;
- making recommendations to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors;
- making recommendations to the Board on the remuneration and terms of engagement of the external auditors;
- reviewing the independence and objectivity of the external auditors at least annually; and
- reviewing interested person transactions (as defined in the Listing Manual).

In addition, the AC is tasked to commission independent investigations of any suspected fraud or irregularity, which has or is likely to have a material impact on the Group's operating results or financial position, and to review the findings of such investigations. The AC has reasonable resources to enable it to discharge its responsibilities properly. It has full access to, and the co-operation of, management and full discretion to invite any director or key executive to attend its meetings.

The AC also meets with the internal and external auditors without management, at least annually and whenever necessary to review the adequacy and effectiveness of audit arrangements, with emphasis on the scope and quality of audit and the independence and objectivity of the auditors, and the results of the audit functions.

The external auditors provide regular updates and briefings to the AC on changes to accounting standards and other financial issues to enable the AC to keep abreast of such changes and their corresponding impact on the financial statements.

Internal Audit

The Board recognises that it is responsible for maintaining a sound system of internal controls to safeguard shareholders' investments and the Group's business and assets. The AC approves the hiring, removal, evaluation and compensation of the internal auditors. The Company has engaged Nexia TS Risk Advisory Pte. Ltd. ("**Nexia**") as its internal auditors. Nexia is a certified public accounting firm and a member of the Institute of Internal Auditors Singapore ("**IIA**"). In performing the internal audit, Nexia applies the Standards for the Professional Practice of Internal Auditing set by IIA. Nexia reports primarily to the Chairman of the AC and has full access to the documents, records, properties and personnel (including the AC) of the Group. The audit plan is submitted to the AC for approval prior to commencement of the internal audit.

The AC reviews the independence, adequacy and effectiveness of the internal audit function at least annually and is satisfied that (i) the internal audit function is independent, effective and adequately resourced, and has appropriate standing within the Group; and (ii) the recommendations of the internal auditors are properly implemented.

External Auditors

In the review of the financial statements for FY2021, the AC has discussed with management and the external auditors, RSM Chio Lim LLP ("**RSM**"), on significant matters and assumptions that impact the financial statements. Following the review and discussion, the AC is satisfied that those significant matters impacting the financial statements, including the key audit matters that have been included in the Independent Auditor's Report dated 25 March 2022 to the shareholders of the Company, have been properly dealt with and recommended the Board to approve the financial statements. The Board has, on 25 March 2022, approved the financial statements.

The AC reviews the independence of RSM annually. No non-audit services were rendered by RSM during FY2021. The audit fees paid/payable to RSM for FY2021 amount to S$200,000. The partner in charge of auditing the Group, Mr Lock Chee Wee, was appointed from FY2019. The AC is satisfied with the independence and objectivity of RSM.

The Company has complied with Rules 712 and 715 of the Listing Manual in the appointment of its external auditors.

Whistleblowing Policy

The Company has implemented a whistleblowing policy, which provides the Group's employees and external stakeholders with well-defined procedures and accessible channels through which they may, in confidence, raise concerns about possible issues in matters of financial reporting or other matters. Whistleblowing concerns may be reported using a prescribed form, in person or via letter or electronic mail. The AC reviews such policy to ensure that arrangements are in place for the safe raising and independent investigation of such matters and for appropriate follow-up action. The Chairman of the AC is responsible for handling the investigation of all whistleblowing concerns and ensuring that the issues raised are properly resolved. In the event a whistleblowing concern involves the Chairman of the AC, such concern shall be directed to the Executive Chairman, Deputy Executive Chairman and Group Chief Executive Officer to ensure investigations remain independent and objective. The AC is responsible for the overall oversight and monitoring of all whistleblowing concerns.

The Company will protect the identity and interest of all whistleblowers, and treat all information received with strict confidentiality, except as necessary to conduct the investigation and/or where the Company is under a legal obligation to disclose such information. Anonymous reports will also be accepted. The Company is committed to promoting responsible good faith whistleblowing without fear of reprisal or victimisation (which includes but is not limited to demotion, discrimination, dismissal and other types of detrimental or unfair treatment), and will take all possible action to protect and prohibit retaliations against whistleblowers who raise concerns in good faith.

4. SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

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

Engagement with Shareholders

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

Engagement with Stakeholders

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

The Board welcomes the views of shareholders on matters affecting the Group, whether at shareholders' meetings or on an ad-hoc basis. Shareholders are informed of shareholders' meetings through notices published in the newspapers, reports and/or circulars provided to all shareholders in which relevant rules and procedures governing the meetings are clearly communicated. Each item of special business included in the notices of shareholders' meetings is accompanied, where appropriate, by an explanation for the proposed resolution. Separate resolutions are proposed for substantially separate issues at shareholders' meetings for approval. "Bundling" of resolutions are kept to a minimum and are done only where the resolutions are interdependent and linked so as to form one significant proposal and the reasons and material implications involved are explained in the notices of shareholders' meetings. All resolutions are to be voted by poll, following which the detailed results showing, *inter alia*, the number of votes cast for and against each resolution and the respective percentages will be announced. Electronic poll voting has not been employed due to the costs involved. All directors attend shareholders' meetings and the Executive Chairman, the Deputy Executive Chairman and the chairpersons of the AC, NC and RC are available to answer queries. The external auditors are also present at the AGM to assist the directors in addressing any relevant queries by shareholders regarding the conduct of audit and the preparation and content of the auditors' report. The AGM is the principal forum for dialogue with shareholders. The directors have attended the AGM that was held by way of electronic means in FY2021 (the "**2021 AGM**"), save for Mr Loh Eu Tse Derek who was appointed subsequent to the 2021 AGM. Apart from the 2021 AGM, there was no other shareholders' meeting that was held during FY2021.

In light of the COVID-19 pandemic, the 2022 AGM will be held by way of electronic means. Shareholders will not be able to attend the 2022 AGM in person, but may observe the proceedings of the 2022 AGM by audio or audio-visual means. Shareholders may only exercise their voting rights at the 2022 AGM via proxy voting and must appoint the Chairman of the 2022 AGM as their proxy to vote on their behalf at the 2022 AGM. Please refer to the notice of the 2022 AGM and the announcement dated 6 April 2022 for more information.

The Constitution of the Company allows a member of the Company to appoint not more than two (2) proxies to attend and vote at shareholders' meetings on behalf of the member. Voting in absentia and via electronic mail may only be possible following careful study to ensure the integrity of the information and authentication of the identity of the member through the web is not compromised and is also subject to legislative amendment to recognise electronic voting.

Subject to prevailing laws, regulations and guidelines, the Company will publish via SGXNET and the Company's corporate website (i) the Company's responses to relevant and substantial questions relating to the resolutions to be tabled for approval at a shareholders' meeting received by the Company from shareholders (if any), at least 48 hours prior to the closing date and time for the lodgement of the proxy forms (if the notice of the shareholders' meeting is to be sent to shareholders at least 14 calendar days before such meeting), or at least 72 hours prior to the closing date and time for the lodgement of the proxy forms (if the notice of the shareholders' meeting is to be sent to shareholders at least 21 calendar days before such meeting); and (ii) the minutes of each shareholders' meeting within one (1) month from the date of such meeting.

The Company does not have a concrete dividend policy at present. The form, frequency and amount of dividends declared each year will take into consideration the Group's profitability, cash position, projected capital requirements for business growth and other factors as the Board may deem appropriate.

The Board is mindful of the obligation to provide regular, effective and fair communication with shareholders. Information is communicated to the shareholders on a timely basis. The Company does not practise selective disclosure. Where there is inadvertent disclosure made to a select group, the Company makes the same disclosure publicly to all others as promptly as possible. Price sensitive information is first publicly released via SGXNET and the Company's corporate website before the Company meets with any group of investors, analysts, media or other stakeholders. The Group's financial results and annual reports are announced or issued via SGXNET within the period specified under the Listing Manual, and are also made available to the public via the Company's corporate website. The Company's comprehensive corporate website, which is updated regularly, allows the Company to communicate and engage with its stakeholders.

The Company also holds briefings to present full-year financial results for the media and analysts. Outside of the financial announcement periods, when necessary and appropriate, management will meet investors, analysts, media and other stakeholders who would like to seek a better understanding of the Group's business and operations. This also enables the Company to solicit feedback from the community on a range of strategic and topical issues which provide valuable insights to the Company on their views. When opportunities arise, the Company conducts media interviews to give its shareholders and the public a better perspective of the Group's business, operations and prospects.

The Company has an investor relations team who identifies and facilitates communication with investors, analysts, media and other stakeholders on a regular basis, attends to their queries or concerns, and keeps them apprised of the Group's developments. To enable these stakeholders to contact the Company easily, the contact details are set out on the Company's corporate website. The investor relations team has procedures in place for responding to queries on a timely basis.

5. DEALINGS IN SECURITIES

The Company has adopted an internal policy on dealings in the Company's securities, which is in line with the requirements of the Listing Manual and notified to all directors, officers and employees of the Group. The Company and all directors, officers and employees of the Group are prohibited from dealing in the Company's securities during the period commencing two (2) weeks before the announcement of the Group's quarterly financial results and one (1) month before the announcement of the Group's full-year financial results (if the Group announces quarterly financial results, whether required by the SGX-ST or otherwise), or one (1) month before the announcement of the Group's half-year and full-year financial results (if the Group does not announce quarterly financial results).

All directors, officers and employees are expected to observe insider trading laws at all times. In particular, they are aware that dealing in the Company's securities, when they are in possession of unpublished material price-sensitive information in relation to those securities, is an offence. Our directors, officers and employees are also discouraged from dealing in the Company's securities on short-term considerations.

6. MATERIAL CONTRACTS

Except as disclosed in the financial statements, there were no material contracts (including loans) of the Company or its subsidiaries involving the interests of the Executive Chairman, the Deputy Executive Chairman, the Group Chief Executive Officer, the directors or the controlling shareholders which subsisted at the end of the financial year or have been entered into since the end of the previous financial year.

7. INTERESTED PERSON TRANSACTIONS

The Group has adopted an internal policy in respect of any transaction with an interested party within the definition of Chapter 9 of the Listing Manual and has in place procedures for review and approval of all interested person transactions. In the event that a potential conflict of interest arises, the director concerned will disclose such conflict, not participate in discussions, abstain from decision-making, and refrain from exercising any influence over other members of the Board.

The Group does not have a general mandate for recurrent interested person transactions pursuant to Rule 920 of the Listing Manual. There were no interested person transactions which were more than S$100,000 in FY2021. To ensure compliance with Chapter 9 of the Listing Manual, the AC and the Board review, on a quarterly basis, interested person transactions entered into by the Group (if any).

FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of Kingsmen Creatives Ltd. (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the reporting year ended 31 December 2021.

1. OPINION OF THE DIRECTORS

In the opinion of the directors,

(a) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the reporting year ended on that date; 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.

2. DIRECTORS

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

Soh Siak Poh Benedict	(Executive Chairman)
Simon Ong Chin Sim	(Deputy Executive Chairman)
Cheng Oon Teck	(Group Chief Executive Officer and Executive Director)
Chong Siew Ling	(Group Managing Director, Exhibitions & Thematic and Executive Director)
Wee Huat Seng	(Group Managing Director, Retail & Corporate Interiors and Executive Director)
Tan Cher Liang	(Independent Director)
Tan Guan Hiang	(Independent Director)
Loh Eu Tse Derek	(Independent Director)

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors of the Company, who held office at the end of the reporting year, had, according to the register of directors' shareholdings required to be kept by the Company under section 164 of the Companies Act 1967 (Singapore) (the "Act"), an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries), as stated below:

3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONT'D)

	Direct interest		Deemed interest	
	At the beginning of the reporting year	At the end of the reporting year	At the beginning of the reporting year	At the end of the reporting year
Name of director		Ordinary shares of the Company		
Soh Siak Poh Benedict	8,540,849	8,540,849	37,993,060	38,493,060
Simon Ong Chin Sim	8,340,830	8,840,830	37,993,060	37,993,060
Cheng Oon Teck	664,960	1,664,960	–	–
Chong Siew Ling	4,150,531	4,150,531	–	–
Wee Huat Seng	2,703,549	2,703,549	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the reporting year and 21 January 2022.

By virtue of section 7 of the Act, Soh Siak Poh Benedict and Simon Ong Chin Sim are deemed to have interests in shares of the subsidiaries of the Company.

Except as disclosed in this statement, no director of the Company who held office at the end of the reporting year had interests in shares, debentures or share options of the Company, or of related corporations, either at the beginning of the reporting year, or at the end of the reporting year.

4. ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of, nor at any time during the reporting year, did there subsist arrangements to which the Company is a party, being arrangements whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "Kingsmen Performance Share Scheme" in this statement.

5. SHARE OPTIONS

During the reporting year, no option to take up unissued shares of the Company or any subsidiary was granted and there were no shares of the Company or any subsidiary issued by virtue of the exercise of an option to take up unissued shares. At the end of the reporting year, there were no unissued shares of the Company or any subsidiary under option.

6. KINGSMEN PERFORMANCE SHARE SCHEME

The Kingsmen Performance Share Scheme (the "KPSS") was approved and adopted for an initial duration of ten years by the members of the Company at an Extraordinary General Meeting of the Company held on 29 April 2009. The KPSS was extended for a further duration of ten years by the members of the Company at the Sixteenth Annual General Meeting of the Company held on 30 April 2019. The purpose of the KPSS is to provide an opportunity for (a) Group employees, (b) Group executive directors (which refers to directors of the Company and/or any of its subsidiaries, as the case may be, who performs an executive function within the Group), (c) Group non-executive directors (which refers to independent directors of the Company or directors of the Company and/or any of its subsidiaries, as the case may be, other than a Group executive director) and (d) associated company employees who have met performance targets to be remunerated through an equity stake in the Company and/or when due recognition should be given to any good work performance and/or significant contribution to the Group as well as for Group employees to receive part of their annual cash bonus payment in the form of shares of the Company. Persons eligible to participate in the KPSS who are also controlling shareholders of the Company or associates of a controlling shareholder of the Company would be eligible to participate in the KPSS subject to the rules of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "Listing Manual"). Under the KPSS, an award of fully paid shares of the Company may only be vested and consequently any shares comprised in such awards shall only be delivered upon (i) the committee administering the KPSS (the "KPSS Committee") being satisfied that the participant has achieved the pre-determined performance targets and/or due recognition should be given for good work performance and/or significant contribution to the Group and/or (ii) the Group decides to pay a pre-determined percentage of a Group employee's annual cash bonus payment in the form of shares of the Company. The pre-determined performance targets for each participant and the pre-determined percentage of a Group employee's annual cash bonus payment in the form of shares of the Company shall be determined by the KPSS Committee in its absolute discretion.

The KPSS Committee consists of five directors of the Company (being two of the executive directors, Mr Soh Siak Poh Benedict and Mr Simon Ong Chin Sim, and the three independent directors, Mr Tan Cher Liang, Ms Tan Guan Hiang and Mr Loh Eu Tse Derek). The quorum for any KPSS Committee meeting shall be three directors, of which two of the directors shall be independent directors. The KPSS shall be administered by the KPSS Committee in its absolute discretion with such powers and duties as are conferred on it by the board of directors, except that in compliance with the requirements of the Listing Manual, no member of the KPSS Committee shall participate in any deliberation or decision in respect of share awards granted or to be granted to him/her.

The KPSS shall continue in force at the discretion of the KPSS Committee, subject to a maximum period of ten years commencing on 30 April 2019 which is the date the KPSS was extended by the Company in a general meeting, provided always that the KPSS may continue beyond the above stipulated period with the approval of members of the Company by ordinary resolution in a general meeting and of any relevant authorities which may then be required. The KPSS may be terminated at any time by the KPSS Committee or by resolution of the Company in a general meeting subject to all relevant approvals, which may be required, and if the KPSS is terminated, no further awards shall be vested by the Company.

For the reporting year ended 31 December 2021, no award of performance shares has been granted under the KPSS (2020: Nil).

6. KINGSMEN PERFORMANCE SHARE SCHEME (CONT'D)

At the end of the reporting year under review, details of the performance shares awarded under the KPSS are as follows:

Detail of Participant	Balance as at 1.1.2021 (a)	Share awards granted during the reporting year	Share awards vested during the reporting year (b)	Balance as at 31.12.2021 (a)+(b)	Aggregate ordinary shares awarded since commencement of KPSS to end of reporting year under review
Controlling shareholders and associate					
Soh Siak Poh Benedict	606,410	–	–	606,410	606,410
Simon Ong Chin Sim	606,410	–	–	606,410	606,410
Ong Chin Kwan	110,730	–	–	110,730	110,730
Directors					
Cheng Oon Teck	491,530	–	–	491,530	491,530
Chong Siew Ling	515,770	–	–	515,770	515,770
Wee Huat Seng	648,150	–	–	648,150	648,150
Employees	6,874,980	–	–	6,874,980	6,874,980
	9,853,980	–	–	9,853,980	9,853,980

No participants have been awarded 5% or more of the aggregate number of performance shares which may be issued under the KPSS since its commencement.

The aggregate number of performance shares available to controlling shareholders and their associates must not exceed 25% of the performance shares available under the KPSS. The number of performance shares available to each controlling shareholder or his associate must also not exceed 10% of the performance shares available under the KPSS.

The aggregate number of performance shares issued and issuable pursuant to the KPSS and any other share based incentive schemes of the Company shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

7. AUDIT COMMITTEE

At the date of this report, the Audit Committee comprises the following members, all of whom are independent:

Tan Cher Liang (Chairman)
Tan Guan Hiang
Loh Eu Tse Derek

7. AUDIT COMMITTEE (CONT'D)

The Audit Committee held four meetings since the last Directors' Statement and carried out its functions in accordance with section 201B(5) of the Act, the Listing Manual and the Code of Corporate Governance 2018 which include the following:

- reviewing the Group's financial statements, and significant financial reporting issues and judgements so as to ensure the integrity of the financial statements and any formal announcements relating to the Group's financial performance before their submission to the board of directors;
- reviewing the audit plans and reports of the internal and external auditors and to consider the effectiveness of the actions taken by management on the auditors' recommendations;
- ensuring that management provides assistance and co-operation to the internal and external auditors;
- evaluating the adequacy and effectiveness of the Group's internal controls and risk management systems by, *inter alia*, reviewing the reports of the internal and external auditors, and management's responses and actions to correct any deficiencies and reporting the same to the board of directors at least annually;
- reviewing the independence, adequacy and effectiveness of the Group's internal audit function;
- reviewing the assurance from the executive directors (including the Group Chief Executive Officer who is an executive director) and the Financial Controller on the financial records and financial statements;
- making recommendations to the board of directors on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors;
- making recommendations to the board of directors on the remuneration and terms of engagement of the external auditors;
- reviewing the independence and objectivity of the external auditors at least annually; and
- reviewing interested person transactions (as defined in the Listing Manual).

In addition, the Audit Committee is tasked to commission independent investigations of any suspected fraud or irregularity, which has or is likely to have a material impact on the Group's operating results or financial position, and to review the findings of such investigations. The Audit Committee has reasonable resources to enable it to discharge its responsibilities properly. It has full access to, and the co-operation of, management and full discretion to invite any director or key executive to attend its meetings.

The Audit Committee also meets with the internal and external auditors without management, at least annually and whenever necessary to review the adequacy and effectiveness of audit arrangements, with emphasis on the scope and quality of audit and the independence and objectivity of the auditors, and the results of the audit functions.

The Company has complied with Rules 712 and 715 of the Listing Manual in the appointment of its external auditors. The Audit Committee and the board of directors confirmed that they are satisfied that the appointment of different auditors for the Group's subsidiaries and associates would not compromise the standard and effectiveness of the audit of the Group.

No non-audit services were rendered by the external auditors during the reporting year. The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the board of directors that the external auditors, RSM Chio Lim LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

8. INDEPENDENT AUDITORS

The independent auditors, RSM Chio Lim LLP, have expressed their willingness to accept re-appointment.

On behalf of the board of directors

Soh Siak Poh Benedict Director	Cheng Oon Teck Director

25 March 2022

INDEPENDENT AUDITOR'S REPORT

To The Members of Kingsmen Creatives Ltd.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Kingsmen Creatives Ltd. (the "Company") and its subsidiaries (collectively, 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 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the reporting year then ended, and notes to the financial statements, including accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (Singapore) (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") 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 2021, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and the changes in equity of the Company for the reporting 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 (the "ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current reporting year. 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.

(1) Recognition of contract revenue

The Group largely recognises revenue and profit from contract for project works over time, based on the progress of each contract. The progress is usually assessed with reference to the proportion of contract costs incurred for the work performed as at the reporting year end, relative to the estimated total costs of the contract at completion. The recognition of revenue and profit is therefore dependent on management's estimates in relation to the final revenue and costs of each contract. Cost contingencies may also be included in the estimates to take into account specific uncertainties arising within each contract. These contingencies are reviewed by management throughout the contract life and adjusted where appropriate. Subsequent variations from the initially agreed scope of work are included in the estimates. The amounts to be included are recognised when the Group believes it is probable that a significant revenue reversal will not occur when the uncertainty associated with the variations are subsequently resolved. Significant management's judgements are exercised in estimating the amount of revenue to be recognised by the Group, assessing the level of cost contingencies, and recognising variation orders and claims. There is a risk that the Group's recognition of contract revenue may not be reasonable. Please refer to Note 2 of the financial statements on accounting policies and Note 3 of the financial statements on critical judgements, assumptions and estimation uncertainties. Further information in relation to contract revenue is provided in Notes 6 and 25 of the financial statements.

Key audit matters (cont'd)

(1) Recognition of contract revenue (cont'd)

We have selected a sample of contracts that met certain qualitative and quantitative criteria to assess the reasonableness of management's estimates. We have examined the key contract terms identifying relevant contractual mechanisms such as liquidated damages, defects liability and warranties. We have obtained relevant information from management when assessing whether these key terms have been appropriately accounted for in the financial statements. We have performed a review of prior and current contract project budgets, available third party evidence and historical trends and assessed consistency with the progress of projects supported by the detailed status reports during the current reporting year to assess the reasonableness of management's estimates used to determine costs to complete. In relation to actual costs incurred to date, we have tested the costs incurred to suppliers' invoices and other supporting documents. We have also performed tests and assessed the variation orders and claims recognised on projects.

Based on our procedures, we found management's approach and estimates used to account for contract revenue to be reasonable. We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

(2) Assessment of goodwill

Management monitors and assesses at least annually to determine whether goodwill has suffered any impairment loss. The assessment, based on the 'value in use' method, is complex and involves significant management's judgements about the future results of the business and the budgeted gross margins, discount rates and growth rates applied to cash flow forecasts. There is a risk that the Group's goodwill may be overstated and impairment loss is not provided. Please refer to Note 2 of the financial statements on accounting policies and Note 3 of the financial statements on critical judgements, assumptions and estimation uncertainties. Further information in relation to goodwill is provided in Note 17 of the financial statements.

Management's 'value in use' estimates require significant judgements and the determination of the recoverable amounts is a key focus area of our audit. We have discussed with management the process over the determination of the 'value in use' estimates. Our audit procedures included, among others, evaluating and challenging management's methodologies and 'value in use' estimates for indications of possible bias on the part of management. This is done through our knowledge of the cash-generating units' operations, their past performance, management's growth strategies and cost initiatives. We have also evaluated the discount rates and growth rates for their appropriateness and tested the accuracy of the computations.

Based on our procedures, we found management's approach and 'value in use' estimates and computations to be reasonable. We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

(3) Recoverability of trade receivables

Management monitors and assesses the Group's credit risk, and where required, adjust the level of allowance for expected credit losses on doubtful trade receivables, which requires significant management's judgements regarding the expected future financial condition and ability of future receipts from the debtors, especially where the debts are overdue. Management's approach in assessing recoverability of the trade receivables includes analysing historical collection trends and credit standings of the debtors. There is a risk that the Group's trade receivables which are past due but not impaired may not be recoverable and allowance for expected credit losses on doubtful trade receivables may not be adequate or reasonable. Please refer to Note 2 of the financial statements on accounting policies and Note 3 of the financial statements on critical judgements, assumptions and estimation uncertainties. Further information in relation to trade receivables is provided in Notes 26 and 34 of the financial statements.

Key audit matters (cont'd)

(3) Recoverability of trade receivables (cont'd)

We have evaluated management's assessment of the recoverability of the Group's trade receivables which are past due but not impaired as at the reporting date, including the assessment of any allowance for expected credit losses to be made by the Group in respect of overdue trade receivables. This is undertaken by considering amongst others, available evidence which includes credit rating, actual or expected significant changes in operating results, actual or expected significant adverse changes in business, financial or economic conditions, including impact from COVID-19 that are expected to cause a significant increase in credit risk of the debtors and factors such as subsequent receipts, past payment practices, ongoing business relationship and repayment schedule as agreed with the debtors. We have also enquired with management on the reasons for the delay in payments on the overdue trade receivables.

Based on our procedures, we found management's approach and estimates used in assessing sufficiency of allowance for expected credit losses on doubtful trade receivables to be reasonable. We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

(4) Assessment of investments in subsidiaries and recoverability of amounts due from subsidiaries

Management monitors and assesses at each reporting date to determine whether there are indicators of impairment of investments in subsidiaries and non-recoverability of amounts due from subsidiaries, especially where the amounts are overdue, and if there are such indicators, cash flow forecasts are performed to assess the recoverable amounts of investments in subsidiaries and amounts due from subsidiaries. The assessment is complex and involves significant management's judgements about the future results of the business and the budgeted gross margins, discount rates and growth rates applied to cash flow forecasts. There is a risk that the Group's investments in subsidiaries and amounts due from subsidiaries which are past due but not impaired may not be recoverable and impairment loss and allowance for expected credit losses respectively may not be adequate or reasonable. Please refer to Note 2 of the financial statements on accounting policies and Note 3 of the financial statements on critical judgements, assumptions and estimation uncertainties. Further information in relation to investments in subsidiaries and amounts due from subsidiaries are provided in Notes 18 and 26 of the financial statements respectively.

Management's estimates applied to the cash flow forecasts require significant judgements and the determination of the recoverable amounts is a key focus area of our audit. We have discussed with management the process over the determination of the estimates applied to the cash flow forecasts. Our audit procedures included, among others, using our in-house valuation specialists to assist us in evaluating and challenging management's methodologies and estimates used in the cash flow forecasts for indications of possible bias on the part of management. This is done through our knowledge of the cash-generating units' operations, their past performance, management's growth strategies and cost initiatives. We have also evaluated the discount rates and growth rates for their appropriateness and tested the accuracy of the computations.

We have also evaluated management's assessment of the recoverability of amounts due from subsidiaries which are past due but not impaired as at the reporting date, including the assessment of any allowance for expected credit losses to be made by the Group in respect of overdue amounts. This is undertaken by considering amongst others, available evidence which includes actual or expected significant changes in operating results, actual or expected significant adverse changes in business, financial or economic conditions, including impact from COVID-19 that are expected to cause a significant increase in credit risk of the subsidiaries and factors such as subsequent receipts, past payment practices, ongoing business relationship and repayment schedule as agreed with the subsidiaries. We have also enquired with management on the reasons for the delay in payments on the overdue amounts.

Based on our procedures, we found management's approach and estimates used in the cash flow forecasts to be reasonable. We also found management's approach and estimates used in assessing sufficiency of allowance for expected credit losses on doubtful amounts due from subsidiaries to be reasonable. We have also assessed the adequacy and appropriateness of the disclosures made in the financial statements.

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.

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:

(a) 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 controls.

(b) Obtain an understanding of internal controls 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 controls.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's responsibilities for the audit of the financial statements (cont'd)

(d) 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.

(e) 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.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls 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 reporting year 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 subsidiaries 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 Lock Chee Wee.

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

25 March 2022

Engagement partner – effective from reporting year ended 31 December 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000
Revenue	6	273,177	286,958
Cost of sales		(214,283)	(220,987)
Gross profit		58,894	65,971
Other items of income			
Interest income	7	268	398
Other income	8	9,005	12,433
Other items of expense			
Depreciation of property, plant and equipment	15	(2,960)	(3,306)
Employee benefits expense	9	(48,254)	(52,263)
Other expenses	10	(13,880)	(29,147)
Interest expense	11	(892)	(1,172)
Share of result of joint venture		–	(403)
Share of results of associates		(1,132)	(1,705)
Profit/(loss) before tax		1,049	(9,194)
Income tax expense	12	(1,191)	(719)
Loss net of tax		(142)	(9,913)
Other comprehensive income/(loss):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		1,285	1,549
		1,285	1,549
Items that will not be reclassified to profit or loss:			
Change in fair value of equity instruments at fair value through other comprehensive income		2,120	(435)
Defined benefit plan actuarial gain/(loss), net of tax		5	(54)
		2,125	(489)
Other comprehensive income for the year, net of tax		3,410	1,060
Total comprehensive income/(loss)		3,268	(8,853)
Profit/(loss) net of tax attributable to:			
Equity holders of the Company		1,004	(11,117)
Non-controlling interests		(1,146)	1,204
Loss net of tax		(142)	(9,913)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		4,495	(10,072)
Non-controlling interests		(1,227)	1,219
Total comprehensive income/(loss)		3,268	(8,853)
Earnings/(loss) per share attributable to equity holders of the Company (cents per share)			
Basic	13	0.50	(5.50)
Diluted	13	0.50	(5.50)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Company 2021 $'000	Company 2020 $'000
ASSETS					
Non-current assets					
Land use rights	14	7,118	7,326	5,766	6,009
Property, plant and equipment	15	39,221	46,189	22,358	23,568
Investment property	16	1,591	–	–	–
Intangible assets	17	5,467	5,425	–	–
Investments in subsidiaries	18	–	–	28,649	28,649
Investment in joint venture	19	–	–	–	–
Investments in associates	20	3,257	4,550	3,430	3,430
Other investments	21	3,243	861	3,243	861
Right-of-use assets	22	2,962	4,626	10	1
Deferred tax assets	23	2,442	3,646	–	–
		65,301	72,623	63,456	62,518
Current assets					
Inventories	24	1,641	1,898	–	–
Contract assets	25	24,651	23,872	–	–
Trade and other receivables	26	74,300	80,993	1,376	1,929
Other assets	27	2,983	2,511	17	23
Cash and cash equivalents	28	81,534	80,273	7,365	7,797
		185,109	189,547	8,758	9,749
Assets classified as held for sale	15	–	1,605	–	–
		185,109	191,152	8,758	9,749
Total assets		250,410	263,775	72,214	72,267
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	29	29,191	29,191	29,191	29,191
Retained earnings		82,628	82,260	23,932	25,427
Other reserves	30	(2,307)	(6,434)	189	(1,931)
		109,512	105,017	53,312	52,687
Non-controlling interests		(475)	772	–	–
Total equity		109,037	105,789	53,312	52,687
Non-current liabilities					
Trade and other payables	31	1,134	1,046	–	–
Other financial liabilities	32	23,436	27,612	14,695	16,009
Deferred tax liabilities	23	278	527	81	89
		24,848	29,185	14,776	16,098
Current liabilities					
Contract liabilities	25	6,329	4,853	–	–
Trade and other payables	31	91,638	102,629	2,545	2,104
Other financial liabilities	32	12,234	15,771	1,324	1,302
Other liabilities	33	4,532	2,833	59	45
Income tax payable		1,792	2,715	198	31
		116,525	128,801	4,126	3,482
Total liabilities		141,373	157,986	18,902	19,580
Total equity and liabilities		250,410	263,775	72,214	72,267

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

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2021

Group	Attributable to equity holders of the Company Share capital $'000	Retained earnings $'000	Other reserves $'000	Equity attributable to equity holders of the Company, total $'000	Non-controlling interests $'000	Equity, total $'000
Opening balance at 1 January 2021	29,191	82,260	(6,434)	105,017	772	105,789
Profit/(loss) for the year	–	1,004	–	1,004	(1,146)	(142)
<u>Other comprehensive income/(loss)</u>						
Change in fair value of equity instruments at fair value through other comprehensive income (Note 30)	–	–	2,120	2,120	–	2,120
Foreign currency translation (Note 30)	–	–	1,366	1,366	(81)	1,285
Defined benefit plan actuarial gain (Note 31)	–	5	–	5	–*	5
Other comprehensive income/(loss) for the year, net of tax	–	5	3,486	3,491	(81)	3,410
Total comprehensive income/(loss) for the year	–	1,009	3,486	4,495	(1,227)	3,268
<u>Changes in ownership interests in subsidiaries</u>						
Dividends paid to non-controlling interests of a subsidiary	–	–	–	–	(20)	(20)
Total changes in ownership interests in subsidiaries	–	–	–	–	(20)	(20)
Total transactions with equity holders in their capacity as equity holders	–	–	–	–	(20)	(20)
<u>Other</u>						
Appropriation to statutory reserve fund (Note 30)	–	(641)	641	–	–	–
Total other	–	(641)	641	–	–	–
Closing balance at 31 December 2021	29,191	82,628	(2,307)	109,512	(475)	109,037

* Amount less than $1,000

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2021

Group	Share capital $'000	Retained earnings $'000	Other reserves $'000	Equity attributable to equity holders of the Company, total $'000	Non-controlling interests $'000	Equity, total $'000
	Attributable to equity holders of the Company					
Opening balance at 1 January 2020	29,191	93,713	(7,815)	115,089	(312)	114,777
(Loss)/profit for the year	–	(11,117)	–	(11,117)	1,204	(9,913)
Other comprehensive income/(loss)						
Change in fair value of equity instrument at fair value through other comprehensive income (Note 30)	–	–	(435)	(435)	–	(435)
Foreign currency translation (Note 30)	–	–	1,531	1,531	18	1,549
Defined benefit plan actuarial loss (Note 31)	–	(51)	–	(51)	(3)	(54)
Other comprehensive (loss)/income for the year, net of tax	–	(51)	1,096	1,045	15	1,060
Total comprehensive (loss)/income for the year	–	(11,168)	1,096	(10,072)	1,219	(8,853)
Changes in ownership interests in subsidiaries						
Dividends paid to non-controlling interests of subsidiaries	–	–	–	–	(135)	(135)
Total changes in ownership interests in subsidiaries	–	–	–	–	(135)	(135)
Total transactions with equity holders in their capacity as equity holders	–	–	–	–	(135)	(135)
Other						
Appropriation to statutory reserve fund (Note 30)	–	(285)	285	–	–	–
Total other	–	(285)	285	–	–	–
Closing balance at 31 December 2020	29,191	82,260	(6,434)	105,017	772	105,789

STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2021

Company	Share capital $'000	Retained earnings $'000	Other reserves $'000	Equity, total $'000
	Attributable to equity holders of the Company			
Opening balance at 1 January 2021	29,191	25,427	(1,931)	52,687
Loss for the year	–	(1,495)	–	(1,495)
Other comprehensive income				
Change in fair value of equity instruments at fair value through other comprehensive income (Note 30)	–	–	2,120	2,120
Other comprehensive income for the year, net of tax	–	–	2,120	2,120
Total comprehensive (loss)/income for the year	–	(1,495)	2,120	625
Total transactions with equity holders in their capacity as equity holders	–	–	–	–
Closing balance at 31 December 2021	29,191	23,932	189	53,312
Opening balance at 1 January 2020	29,191	34,409	(1,496)	62,104
Loss for the year	–	(8,982)	–	(8,982)
Other comprehensive loss				
Change in fair value of equity instrument at fair value through other comprehensive income (Note 30)	–	–	(435)	(435)
Other comprehensive loss for the year, net of tax	–	–	(435)	(435)
Total comprehensive loss for the year	–	(8,982)	(435)	(9,417)
Total transactions with equity holders in their capacity as equity holders	–	–	–	–
Closing balance at 31 December 2020	29,191	25,427	(1,931)	52,687

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Group	
	2021	**2020**
	$'000	$'000
Cash flows from operating activities		
Profit/(loss) before tax	1,049	(9,194)
Adjustments for:		
Amortisation of intangible assets	29	212
Amortisation of land use rights	271	269
Bad trade debts written off	46	488
Depreciation of property, plant and equipment	4,393	4,874
Depreciation of right-of-use assets	2,522	3,498
Gain on disposal of assets classified as held for sale	(1,558)	–
Gain on disposal of right-of-use asset	(13)	–
Gain on lease modification	(28)	–
Impairment loss on contract assets	–	1,190
Impairment loss on intangible assets	–	3,563
Impairment loss on property, plant and equipment	446	2,531
Impairment loss on right-of-use asset	574	3,254
Net impairment loss on doubtful trade receivables	2,310	6,031
Net loss on disposal of property, plant and equipment	231	8
Performance share scheme expense	–	(185)
Property, plant and equipment written off	46	380
Write-off of trade and other payables	(135)	(1,604)
Interest income	(268)	(398)
Interest expense	892	1,172
Share of result of joint venture	–	403
Share of results of associates	1,132	1,705
Currency realignment	269	935
Operating cash flows before changes in working capital	12,208	19,132
(Increase)/decrease in:		
Inventories	257	584
Contract assets	(779)	(5,027)
Trade and other receivables	4,337	18,474
Other assets	(410)	1,130
Increase/(decrease) in:		
Contract liabilities	1,476	(4,540)
Trade and other payables	(10,768)	(6,638)
Other liabilities	1,699	(39)
Net cash flows from operations	8,020	23,076
Interest received	268	398
Interest paid	(615)	(842)
Income taxes paid	(1,188)	(2,898)
Net cash flows from operating activities	6,485	19,734

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Group	
	2021	**2020**
	$'000	$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(672)	(2,615)
Proceeds from disposal of assets classified as held for sale	3,153	–
Proceeds from disposal of property, plant and equipment	775	160
Proceeds from disposal of right-of-use asset	55	–
Acquisition of intangible asset	–	(206)
Acquisition of other investments	(262)	–
Net cash flows from/(used in) investing activities	3,049	(2,661)
Cash flows from financing activities		
Dividends paid to non-controlling interests of subsidiaries	(20)	(135)
Proceeds from draw down of loans and borrowings	6,835	14,305
Repayment of loans and borrowings	(12,577)	(13,121)
Repayment of lease liabilities	(3,420)	(3,599)
Decrease in deposits pledged for bank facilities	185	114
Net cash flows used in financing activities	(8,997)	(2,436)
Net increase in cash and cash equivalents	537	14,637
Effect of exchange rate changes on cash and cash equivalents	1,180	448
Cash and cash equivalents at beginning of year	78,672	63,587
Cash and cash equivalents at end of year (Note 28)	80,389	78,672

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

1. GENERAL

Kingsmen Creatives Ltd. (the "Company") is a limited liability company incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited. The registered office and principal place of business of the Company is located at 22 Changi Business Park Central 2, The Kingsmen Experience, Singapore 486032.

The principal activities of the Company are investment holding and the provision of corporate marketing and other related services. The principal activities of the subsidiaries are disclosed in the note on investments in subsidiaries.

The financial statements are presented in Singapore dollars ("SGD" or "$") and all values are rounded to the nearest thousand ($'000) except when otherwise indicated and they cover the Company and the subsidiaries. The board of directors approved and authorised these financial statements for issue on the date of the directors' statement.

2. SIGNIFICANT ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") as issued by the Singapore Accounting Standards Council, and the Companies Act 1967 (Singapore). The financial statements are prepared on a going concern basis under the historical cost convention except where an SFRS(I) requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies which are in accordance with SFRS(I) need not be applied when the effects of applying them are immaterial. The disclosures required by SFRS(I) need not be made if the information resulting from those disclosures are not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by SFRS(I). Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

Basis of presentation

The consolidated financial statements include the financial statements made up to the end of the reporting period of the Company and its subsidiaries (collectively, the "Group"). The consolidated financial statements are the financial statements of the Group in which the assets, liabilities, equity, income, expenses and cash flows of the Company and its subsidiaries are presented as those of a single economic entity and are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant intragroup balances and transactions, including income, expenses and cash flows are eliminated on consolidation. Subsidiaries are consolidated from the date the Group obtains control of the investee and cease when the Group loses control of the investee. Control exists when the Group has the power to govern the financial and operating policies so as to gain benefits from its activities. Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity as transactions with owners in their capacity as owners. The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. When the Group loses control of a subsidiary, it derecognises the assets and liabilities and related equity components of the former subsidiary. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at fair value at the date when control is lost and is subsequently accounted as a jointly-controlled entity, an associate or a financial asset in accordance with SFRS(I) 9 Financial Instruments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Basis of presentation (cont'd)

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation prior to 1 January 2010:

- Acquisition of non-controlling interests, prior to 1 January 2010, was accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these losses. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investments as at 1 January 2010 has not been restated.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967 (Singapore), the Company's separate statement of profit or loss and other comprehensive income is not presented.

Basis of preparation of the financial statements

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make 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 reporting period. Actual results could differ from those estimates and assumptions. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations and assumptions, management has made judgements in the process of applying the Group's accounting policies. The areas requiring management's subjective or complex judgements, or areas where estimates and assumptions are significant to the financial statements, are disclosed in the note on critical judgements, assumptions and estimation uncertainties.

Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of any related sales taxes and rebates and excluding amounts collected on behalf of third parties.

- Revenue from contract for project works is recognised in accordance with the accounting policy on contract revenue (see next note below).

- Revenue from sale of goods is recognised at a point in time when the performance obligation is satisfied by transferring a promised good to the customer which is when the customer obtains control of the good, generally on delivery or utilisation of the good.

- Revenue from rendering of services is recognised at a point in time when the performance obligation is satisfied which is when the significant acts have been completed and transfer of control occurs. For services that are not significant transactions, revenue is recognised as the services are provided.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue recognition (cont'd)

- Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.
- Interest income is recognised using the effective interest method.
- Dividend income from equity instruments is recognised when the Group's right to receive payment is established.

Contract revenue

The Group principally operates fixed price contracts. At contract inception, the Group assesses whether the Group transfers control over time or at a point in time by determining if (a) its performance creates or enhances an asset (for example, work-in-progress) that the customer controls as the asset is created or enhanced; or (b) its performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Where the customer controls the asset as it is created or enhanced; or the asset has no alternative use for the Group due to contractual restriction and the Group has enforceable rights to payment arising from the contractual terms, revenue is recognised over time by reference to the Group's progress towards completing the contract. The measure of progress is determined based on reference to certification of value of work performed to date. Where there is no certification of value available, the measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred. If the value of the contract transferred by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the value of the contract transferred, a contract liability is recognised.

For contract where the Group does not have enforceable right to payment, revenue is recognised only when the completed contract is delivered to the customers and the customers have accepted it in accordance with the sales contract.

The period between the transfer of the completed contract and payment by the customer may exceed one year. For such contract, there is no significant financing component present as the payment term is an industry practice to protect the customer from the Group's failure to adequately complete some or all of its obligations under the contract. As a consequence, the Group does not adjust the transaction price for the time value of money.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in the profit or loss in the period in which the circumstances that give rise to the revision become known by management.

For costs incurred in fulfilling the contract which are within the scope of another SFRS(I) (eg. Inventories), these costs are accounted for in accordance with those other SFRS(I). If these costs are not within the scope of another SFRS(I), the Group will capitalise these costs as contract costs assets only if (a) these costs relate directly to a contract or an anticipated contract which the Group can specifically identify; (b) these costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and (c) these costs are expected to be recovered. Otherwise, such costs are recognised as an expense immediately.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue over time. An impairment loss is recognised in the profit or loss to the extent that the carrying amount of capitalised contract costs exceeds the expected remaining consideration less any directly related costs not yet recognised as expenses.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contract revenue (cont'd)

Contract modifications are accounted as follows:

- Contract modifications that add distinct goods or services at their standalone selling prices are accounted for as separate contracts.

- Contract modifications that add distinct goods or services but not at their standalone selling prices are accounted for as a continuation of the existing contract. The Group combines the remaining consideration in the original contract with the consideration promised in the modification to create a new transaction price that is then allocated to all remaining performance obligations.

- Contract modifications that do not add distinct goods or services are accounted for as a continuation of the original contract and the change is recognised as a cumulative adjustment to revenue at the date of modification.

Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. Interest expense is calculated using the effective interest rate method. Borrowing costs are recognised as an expense in the period in which they are incurred except that borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily take a substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of that asset until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Employee benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The Group's legal or constructive obligation is limited to the amount that it is obligated to contribute to independently administered funds, such as the Central Provident Fund in Singapore and the Employees Provident Fund in Malaysia.

The Group operates an unfunded defined benefit plan for qualifying employees of its subsidiary in Indonesia. In accordance with the terms of their employment contracts, the benefits are calculated based on the last drawn salaries, length of services and rates set out in the relevant legislation. The Group's obligations under the defined benefit plan, calculated using the projected unit credit method, are determined based on actuarial assumptions and computations. Actuarial assumptions are updated for any material transactions and changes in circumstances at the end of each reporting period.

For employee leave entitlement, the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur.

A liability for bonuses is recognised where the Group is contractually obliged or where there is constructive obligation based on past practice.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Share-based compensation

Benefits to employees are also provided in the form of share-based payment transactions, whereby employees render services in exchange for shares. As there is no vesting period, the fair value of the employee services rendered is measured by reference to the fair value of the shares granted on the date of the grant which is expected to be the prevailing market price per share on the date of grant multiplied by the number of shares under each grant. This fair value amount is charged to profit or loss on the date of grant as an expense in the Group's income statement with a corresponding adjustment to the share capital account when new shares are issued, or to treasury shares account when treasury shares are re-issued to the employees.

Income tax

Income taxes are accounted for using the asset and liability method that requires the recognition of taxes payable or refundable for the current reporting period and deferred tax liabilities and assets for the future tax consequence of events that have been recognised in the financial statements or tax returns. The measurements of current and deferred tax liabilities and assets are based on provisions of the enacted or substantively enacted tax laws at the end of each reporting period; the effects of future changes in tax laws or rates are not anticipated. Tax expense/(tax income) is the aggregate amount included in the determination of profit or loss for the reporting period in respect of current tax and deferred tax. Current tax and deferred tax are recognised as an income or as an expense in profit or loss unless the tax relates to items that are recognised in the same or a different period outside profit or loss. For such items recognised outside profit or loss, the current tax and deferred tax are recognised (a) in other comprehensive income if the tax is related to an item recognised in other comprehensive income and (b) directly in equity if the tax is related to an item recognised directly in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same income tax authority. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced, if necessary, by the amount of any tax benefits that, based on available evidence, are not expected to be realised. A deferred tax amount is recognised for all temporary differences, unless the deferred tax amount arises from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss). A deferred tax liability or asset is recognised for all taxable temporary differences associated with investments in subsidiaries, joint ventures and associates except where the Group is able to control the timing of the reversal of the taxable temporary difference and it is probable that the taxable temporary difference will not reverse in the foreseeable future or for deductible temporary differences, they will not reverse in the foreseeable future and they cannot be utilised against taxable profits.

Foreign currency transactions and balances

The functional currency of the Company is the Singapore dollar as it reflects the primary economic environment in which the Company operates.

Transactions in foreign currencies are recorded in the functional currency at the exchange rates ruling at the dates of the transactions. At the end of each reporting period, recorded monetary balances, balances measured at historical cost and balances measured at fair value that are denominated in non-functional currencies are reported at the exchange rates ruling at the end of the reporting period, initial transaction dates and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss, except when recognised in other comprehensive income.

The presentation currency is the functional currency.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Translation of financial statements of other entities

Each entity in the Group determines its appropriate functional currency to reflect the primary economic environment in which the entity operates in. In translating the financial statements of such an entity for incorporation in the consolidated financial statements in the presentation currency i.e. the Singapore dollar, the assets and liabilities denominated in other currencies are translated at the exchange rates ruling at the end of the reporting period and the profit or loss items are translated at average exchange rates for the reporting period. The resulting translation adjustments (if any) are recognised in other comprehensive income and accumulated in a separate component of equity until the disposal of that entity.

The step-by-step method is used whereby the financial statements of the foreign operation are first translated into the functional currency of any intermediate holding company/companies and then translated into the presentation currency of the Company.

Segment reporting

The Group discloses financial and descriptive information about its consolidated reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components about which separate financial information is available that is evaluated regularly by the chief operating decision makers in deciding how to allocate resources and in assessing the performance. Generally, financial information is reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

Subsidiaries

A subsidiary is an entity that is controlled by the Group and the Group 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. The existence and effect of substantive potential voting rights that the Group has the practical ability to exercise (that is, substantive rights) are considered when assessing whether the Group controls another entity.

In the Company's separate financial statements, an investment in a subsidiary is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a subsidiary is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a subsidiary are not necessarily indicative of the amount that would be realised in a current market exchange.

Joint ventures and associates

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An associate is an entity in which the Group has a significant influence. 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 those policies.

An investment in a joint venture or an associate includes goodwill on acquisition, which is accounted for in accordance with SFRS(I) 3 Business Combinations. However, the entire carrying amount of the investment is tested under SFRS(I) 1-36 Impairment of Assets for impairment, by comparing its recoverable amount (higher of value in use and fair value) with its carrying amount, whenever application of the requirements in SFRS(I) 9 Financial Instruments indicates that the investment may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Joint ventures and associates (cont'd)

In the consolidated financial statements, investment in a joint venture or an associate is accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of the joint venture's or associate's net assets. Goodwill relating to a joint venture or an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the joint venture's or associate's identifiable assets, liabilities and contingent liabilities over the cost of investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the joint venture or associate in the period in which the investment is acquired. The Group's profit or loss includes its share of the joint venture's or associate's profit or loss and the Group's other comprehensive income includes its share of the joint venture's or associate's other comprehensive income. Distributions received from a joint venture or an associate reduce the carrying amount of the investment. Losses of a joint venture or an associate in excess of the Group's interest in the joint venture or associate are not recognised except to the extent that the Group has an obligation. Profits and losses resulting from transactions between the Group and a joint venture or an associate are recognised in the financial statements only to the extent of the Group's unrelated interests in the joint venture or associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The financial statements of the joint venture or associate are prepared as of the same reporting date as the Company. Accounting policies of the joint venture or associate are changed where necessary to ensure consistency with the policies adopted by the Group. The Group discontinues the use of the equity method of accounting from the date when its investment ceases to be a joint venture or an associate and accounts for the investment as a financial asset in accordance with SFRS(I) 9 Financial Instruments from that date. Any gain or loss is recognised in profit or loss. Any investment retained in the former joint venture or associate is measured at fair value at the date that it ceases to be a joint venture or an associate.

In the Company's separate financial statements, an investment in a joint venture or an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for a joint venture or an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of the investment in a joint venture or an associate are not necessarily indicative of the amount that would be realised in a current market exchange.

Business combinations

A business combination is a transaction or other event which requires that the assets acquired and liabilities assumed constitute a business. It is accounted for by applying the acquisition method of accounting.

The cost of a business combination includes the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree. The acquisition-related costs are expensed in the periods in which the costs are incurred and the services are received. At acquisition date, the acquirer recognises, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree measured at acquisition date fair values as defined in and that meet the conditions for recognition under SFRS(I) 3 Business Combinations. If the acquirer has made a gain from a bargain purchase, that gain is recognised in profit or loss. For gain on bargain purchase, a reassessment is made of the identification and measurement of the acquiree's identifiable assets, liabilities and contingent liabilities and the measurement of the cost of the business combination and any excess remaining after this reassessment is recognised immediately in profit or loss.

For business combinations achieved in stages, any equity interest held in the acquiree is remeasured immediately before achieving control at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Business combinations (cont'd)

Where the fair values are measured on a provisional basis, they are finalised within one year from the acquisition date with consequent retrospective changes to the amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Goodwill and fair value adjustments resulting from the application of acquisition method of accounting at the date of acquisition are treated as assets and liabilities of the acquired entity and are recorded at the exchange rates prevailing at the acquisition date and are subsequently translated at the exchange rates ruling at the end of the reporting period.

In comparison to the above mentioned requirements, the following differences were applied to business combinations prior to 1 January 2010:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

Non-controlling interests

Non-controlling interest is equity in a subsidiary not attributable, directly or indirectly, to the Group as the parent. The non-controlling interest is presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the Company. For each business combination, any non-controlling interest in the acquiree (subsidiary) is initially measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Where the non-controlling interest is measured at fair value, the valuation techniques and key model inputs used are disclosed. 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 is 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.

Goodwill

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is recognised as of the acquisition date and measured as the excess of (a) over (b); (a) being the aggregate of: (i) the consideration transferred measured at acquisition date fair value; (ii) the amount of any non-controlling interest in the acquiree measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets; and (iii) in a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree; and (b) being the net of the identifiable assets acquired and the liabilities assumed measured at acquisition date fair values in accordance with SFRS(I) 3 Business Combinations.

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Irrespective of whether there is any indication of impairment, goodwill is tested for impairment at least annually. Goodwill impairment is not reversed in any circumstances.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Goodwill (cont'd)

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the business combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes and is not larger than a segment.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy on translation of financial statements of other entities.

Goodwill and fair value adjustments which arose on the acquisition of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the exchange rates prevailing at the date of acquisition.

Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less any accumulated amortisation and accumulated impairment losses. The land use rights are amortised on a straight-line basis over the lease terms of 30 to 50 years.

Property, plant and equipment

Property, plant and equipment are carried at cost on initial recognition and after initial recognition, other than freehold land, at cost less any accumulated depreciation and accumulated impairment losses. The carrying amounts of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Cost includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. Freehold land has an unlimited useful life and therefore is not depreciated. The estimated annual rates of depreciation are as follows:

Buildings	–	2% – 3.67%
Experiential and themed attractions	–	14.29% – 21.05%
Machinery and equipment	–	10% – 50%
Office equipment, computers and software	–	10% – 33.33%
Motor vehicles	–	10% – 25%
Furniture and fittings	–	8% – 20%
Renovations	–	10% – 30%

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (cont'd)

Assets under construction included in property, plant and equipment are not depreciated as these assets are not available for use.

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising from the derecognition of an item of property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss.

The residual value, useful life and depreciation method of an asset are reviewed at least at the end of each reporting period and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Investment properties

Investment properties are properties that are either owned by the Group to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business.

Investment properties are initially measured at cost, including transaction costs and subsequently carried at cost less any accumulated depreciation and accumulated impairment losses. The carrying amounts of investment properties are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable.

Depreciation is provided on a straight-line basis to allocate the depreciable amounts over their estimated useful lives. Freehold land has an unlimited useful life and therefore is not depreciated. The estimate annual rate of depreciation for building is 2%.

The residual value, useful life and depreciation method are reviewed at least at the end of each reporting period and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Investment properties are subject to renovation or improvement at regular intervals. The cost of major renovations and improvements is capitalised if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Leases

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Leases (cont'd)

Group as a lessee

The Group recognises right-of-use assets representing the right to use the underlying assets and lease liabilities to make lease payments.

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date, and estimates of cost to dismantle and remove the underlying assets or to restore the underlying assets to the condition required by the terms and conditions of the leases or to restore the sites on which they are located, less any lease incentives received. The carrying amounts of right-to-use assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amounts may not be recoverable. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Production, office, retail, storage and dormitory facilities	–	11 to 77 months
Office equipment	–	17 to 81 months
Motor vehicles	–	60 to 84 months

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

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

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the carrying amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured (with a corresponding adjustment to the carrying amount of right-of-use assets, or recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero) if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or a rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised in the period in which they are earned.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Intangible assets

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the cost of the asset can be measured reliably. After initial recognition, an intangible asset with finite useful life is carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying amounts may be impaired individually or at the cash-generating unit level. An intangible asset with an indefinite useful life is not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. An intangible asset is regarded as having an indefinite useful life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The amortisation period and amortisation method are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The estimated useful lives are as follows:

Customer relationships	–	60 to 72 months
Licences	–	19 to 84 months

Identifiable intangible assets acquired as part of a business combination are initially recognised separately from goodwill if the asset's fair value can be measured reliably, irrespective of whether the asset had been recognised by the acquiree before the business combination. An intangible asset is considered identifiable only if it is separable or if it arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the acquiree or from other rights and obligations.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at the end of each reporting period for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount.

The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). The Group bases its impairment calculations on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of three years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Impairment of non-financial assets (cont'd)

At the end of each reporting period, non-financial assets, other than goodwill, with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. 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, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversal is recognised in profit or loss.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Cost includes all costs of purchase, costs of conversion and other costs incurred 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 of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined.

Financial assets

A financial asset is recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. The initial recognition of financial asset is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial asset classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

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.

The Group's financial assets include investments in debt instruments at amortised cost and investments in equity instruments at fair value through other comprehensive income. Subsequent measurement of the financial assets is as follows:

Investments in debt instruments at amortised cost

Investments in debt instruments 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 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.

Investments in equity instruments at fair value through other comprehensive income

On initial recognition of investments in equity instruments that are not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial assets (cont'd)

Investments in equity instruments at fair value through other comprehensive income (cont'd)

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of an investment in debt instrument at amortised cost, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss. On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at fair value through other comprehensive income, the cumulative gain or loss that had been recognised in other comprehensive income is not reclassified to profit or loss but is transferred to retained earnings.

Impairment of financial assets and contract assets

The Group recognises an allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost and contract assets. ECL is based on the difference between contracted 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 amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the assets. ECL is recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next twelve months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (lifetime ECL).

To the extent that it is feasible, the Group assesses credit risk on assets on an individual basis. In cases where that process is not feasible, a collective assessment is performed. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group considers an asset to be in default when the counterparty is unlikely to pay its credit obligations to the Group in full, without recourse actions by the Group, if any. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes internal credit rating, external credit rating, actual or expected significant changes in the operating results, actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the ability to meet obligations and significant increases in credit risk on other financial instruments of the counterparty. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk of an asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise. The asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows, the item includes cash and cash equivalents less bank overdrafts payable on demand and cash subject to restriction that form an integral part of cash management.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. Impairment losses on initial classification of the balances as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent remeasurement.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

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

Classification of equity and liabilities

A financial instrument is classified as a liability or as equity in accordance with the substance of the contractual arrangement on initial recognition. Equity instruments are contracts that give a residual interest in the net assets of the Group. Where the financial instrument does not give rise to a contractual obligation on the part of the issuer to make payment in cash or kind under conditions that are potentially unfavourable, it is classified as an equity instrument. Ordinary shares are classified as equity. Equity instruments are recognised at the amount of proceeds received net of incremental costs directly attributable to the transaction. Dividends on equity are recognised as liabilities when they are declared. Interim dividends are recognised when declared by the directors.

Treasury shares

Where the Company reacquires its own equity instruments as treasury shares, the consideration paid, including any directly attributable incremental cost is deducted from equity attributable to the Company's owners until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's owners and no gain or loss is recognised in profit or loss. Voting rights relating to the treasury shares are nullified for the Company and no dividends are allocated to them.

Financial liabilities

A financial liability is recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

After initial recognition, all changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred. Financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses on such financial liabilities are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Financial liabilities (cont'd)

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

Fair value measurement

Fair value is taken to be 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 (that is, an exit price). It is a market-based measurement, not an entity-specific measurement. When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. The Group's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes to the financial statements); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of each reporting period. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

The disclosures of fair value of current financial instruments are not made when the carrying amounts of these current financial instruments are reasonable approximation of their fair values. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of each reporting period and in the event, the fair values are disclosed in the relevant notes to the financial statements.

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimate of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting period they occur.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Contingencies

A contingent liability is (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or (b) a present obligation that arises from past events but is not recognised because: (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or (ii) the amount of the obligation cannot be measured with sufficient reliability. A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised on the statement of financial position, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

3. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES

The critical judgements made in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting period are discussed below. These judgements, assumptions and estimates are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Income taxes

The Group recognises tax liabilities and tax assets based on an estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the actual amount arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax amounts in the period when such determination is made. In addition, judgement is required in determining the amount of current and deferred tax recognised and the extent to which amounts should or can be recognised. A deferred tax asset is recognised if it is probable that the Group will earn sufficient taxable profit in future periods to benefit from a reduction in tax payments. This involves management making assumptions within its overall tax planning activities and periodically reassessing them in order to reflect changed circumstances as well as tax regulations. Moreover, the measurement of a deferred tax asset or liability reflects the manner in which the Group expects to recover the asset's carrying value or settle the liability. As a result, due to their inherent nature, assessments of likelihood are judgemental and not susceptible to precise determination. The income tax amounts are disclosed in the notes on income tax and deferred tax.

Contract revenue

The Group recognises contract revenue over time by reference to the Group's progress towards completing the contract. The measure of progress is determined based on reference to certification of value of work performed to date ("output method"). Where there is no certification of value available, the measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method"). Significant assumptions and judgements are used to estimate the total contract costs to complete which are used in the input method to determine the Group's recognition of contract revenue. The estimated total contract costs are reviewed every reporting period and adjusted where necessary, with the corresponding adjustment to profit margin being recognised prospectively from the date of change. The estimates are made based on past experience and the work of specialists. Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation are excluded from the measure of progress and instead are expensed as incurred. When it is probable that the total contract costs will exceed the total contract revenue, a provision for onerous contracts is recognised immediately. The carrying amount of assets and liabilities arising from contract revenue at the end of the reporting year are disclosed in the notes on contract assets and contract liabilities.

3. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)

Unbilled contract revenue

Costs and estimated profits in excess of billings on uncompleted contracts include amounts that management seek or will seek to collect from customers or others, which may include amounts for changes in contract specifications or design, contracts in dispute or other unanticipated additional contract costs. Such amounts are recorded at estimated net realisable value and take into account factors that may affect the Group's ability to bill unbilled revenues and collect amounts after billing.

Provision for inventory obsolescence

A review is made periodically on inventories for obsolescence, excess inventories and declines in net realisable value below cost and an allowance is recorded against the carrying amount of inventories for any such obsolescence, excess and declines. These reviews require management to consider the future demand for the inventories. In any case, the realisable value represents the best estimate of the recoverable amount and is based on acceptable evidence available at the end of each reporting period and inherently involves estimates regarding the future expected realisable value. The usual considerations for determining the amount of allowance or write-down include expected usage, ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the end of each reporting period. Possible changes in these estimates could result in revisions to the carrying amount of the inventories. The carrying amount of inventories at the end of the reporting year is disclosed in the note on inventories.

Impairment of debt instruments at amortised cost and contract assets

An allowance for expected credit losses ("ECL") is made for doubtful debt instruments at amortised cost and contract assets resulting from the subsequent inability of the counterparties to make required payments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the assets. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within the next twelve months (12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (lifetime ECL). At the end of each reporting period, the carrying amount of debt instruments at amortised cost and contract assets approximates the fair value but the carrying amount might change materially within the next reporting period and these changes may arise from assumptions or other sources of estimation uncertainty at the end of the previous reporting period. The carrying amount of debt instruments at amortised cost at the end of the reporting year is disclosed in the notes on trade and other receivables and cash and cash equivalents, and the carrying amount of contract assets at the end of the reporting year is disclosed in the note on contract assets.

Impairment of property, plant and equipment and right-of-use assets

An assessment is made at the end of each reporting period to determine whether there is any indication that property, plant and equipment and right-of-use assets may be impaired. If any such indication exists, an estimate is made of the recoverable amount of the assets which are determined based on fair value less cost of disposal or value in use calculations. These calculations require the use of estimates. It is impracticable to disclose the extent of the possible effects. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting period that are different from assumptions could require a material adjustment to the carrying amount of property, plant and equipment disclosed in the note on property, plant and equipment, and to the carrying amount of right-of-use assets disclosed in the note on right-of-use assets.

3. CRITICAL JUDGEMENTS, ASSUMPTIONS AND ESTIMATION UNCERTAINTIES (CONT'D)

Useful lives of property, plant and equipment

The estimates for the useful lives and related depreciation charges for property, plant and equipment are based on commercial and other factors which could change significantly as a result of innovations and in response to market conditions. The depreciation charge is revised where useful lives are different from previously estimated lives, or the carrying amounts impaired for technically obsolete items or assets that have been abandoned. The carrying amount of property, plant and equipment at the end of the reporting year is disclosed in the note on property, plant and equipment.

Impairment of intangible assets

An assessment is made at least annually to determine whether intangible assets have suffered any impairment loss. The assessment process is complex and highly judgemental and is based on assumptions that are affected by expected future market or economic conditions. Judgement is required in evaluating the assumptions and methodologies used by management as disclosed in the note on intangible assets. Actual outcomes could vary from these estimates.

Impairment of investments in subsidiaries, joint venture and associates

When a subsidiary, a joint venture or an associate is in net equity deficit and/or has suffered operating losses, the recoverable amount of the investee is estimated to assess whether the investment in the investee has suffered any impairment. This determination requires significant judgement. An estimate is made of the future profitability of the investee and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance and operational and financing cash flow. It is reasonably possible, based on existing knowledge, that outcomes within the next reporting period that are different from assumptions could require adjustments to the carrying amount of the investments in subsidiaries, joint venture and associates. The carrying amount of investments in subsidiaries, joint venture and associates at the end of the reporting year is disclosed in the notes on investments in subsidiaries, investment in joint venture and investments in associates respectively.

4. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

SFRS(I) 1-24 Related Party Disclosures requires the Group to disclose transactions with its related parties and relationships between parents and subsidiaries irrespective of whether there have been transactions between these related parties. A party is related to another party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

In these financial statements, related companies comprise subsidiaries, joint venture and associates within the Group and related parties comprise directors of the Company, key management personnel of the Group, entities in which directors of the Company have significant influence or control and entities in which the Company has equity interest.

There are transactions and arrangements between the Group and the related companies and related parties and the effects of these on the basis determined between the related companies and related parties are reflected in these financial statements.

Intragroup transactions and balances that have been eliminated in the consolidated financial statements are not disclosed as related company transactions and balances.

4. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS (CONT'D)

In addition to the transactions disclosed elsewhere in the notes to the financial statements, significant related company and related party transactions include the following:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Joint venture				
Sales	157	2,466	–	–
Purchases	–	151	–	–
Associates				
Sales	232	335	–	–
Purchases	2,443	1,603	–	6
Corporate fee income	201	266	201	266
Rental income	75	65	75	65
Related parties				
Sales	17	83	–	–
Purchases	103	53	18	6
Corporate fee income	230	202	230	202

Key management personnel compensation

	Group	
	2021	**2020**
	$'000	$'000
Salaries and other short-term employee benefits	6,583	7,134
Comprise amounts paid/payable to:		
– Directors of the Company	2,455	2,331
– Other key management personnel	4,128	4,803

Key management personnel are the directors and those persons having authority and responsibility over the activities of the Group. Key management personnel compensation is included under employee benefits expense.

5. SEGMENT INFORMATION

Disclosure of information about the operating segments, products and services, geographical areas and major customers are made as required by SFRS(I) 8 Operating Segments. This disclosure standard has no impact on the reported results or financial position of the Group.

For management purposes, the Group is organised into business units based on their products and services, and has five reportable operating segments as follows:

(a) The Exhibitions, Thematic and Attractions segment relates to the production of exhibition displays for trade shows and promotional events, interiors and displays for museums and visitor centres and thematic and scenic displays for theme parks, as well as the development and operation of experiential and themed attractions.

(b) The Retail and Corporate Interiors segment relates to the provision of interior fitting-out services to retail and commercial properties.

(c) The Research and Design segment relates to design works for upmarket specialty stores, departmental stores, eateries, museums, visitors' centres, corporate offices, showrooms, trade shows, events, promotional functions and festivals.

(d) The Alternative Marketing segment relates to event management, branding consultancy services and custom publishing.

(e) The Corporate and Others segment relates to Group-level corporate services.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated by the chief operating decision makers based on operating profit or loss. Income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Segment assets and liabilities are not disclosed as they are not regularly provided to the chief operating decision makers.

The tables below illustrate the information about the reportable segment profit or loss.

5. SEGMENT INFORMATION (CONT'D)

Group	Exhibitions, Thematic and Attractions $'000	Retail and Corporate Interiors $'000	Research and Design $'000	Alternative Marketing $'000	Corporate and Others $'000	Eliminations $'000	Consolidated Financial Statements $'000
2021							
Revenue							
External customers	108,834	148,429	12,992	2,922	–		273,177
Inter-segment (Note A)	4,309	4,694	–	230	–	(9,233)	–
Total revenue	113,143	153,123	12,992	3,152	–	(9,233)	273,177
Results							
Interest income	103	110	12	16	27		268
Interest expense	(235)	(385)	(10)	(3)	(259)		(892)
Amortisation of intangible asset	(29)	–	–	–	–		(29)
Amortisation of land use rights	–	(28)	–	–	(243)		(271)
Bad trade debts written off	(25)	–	(21)	–	–		(46)
Depreciation of property, plant and equipment	(2,276)	(1,288)	(278)	(95)	(456)		(4,393)
Depreciation of right-of-use assets	(949)	(1,221)	(319)	(16)	(17)		(2,522)
Gain on disposal of assets classified as held for sale	1,558	–	–	–	–		1,558
Gain on disposal of right-of-use asset	–	–	–	–	13		13
Gain on lease modification	27	1	–	–	–		28
Impairment loss on property, plant and equipment	(446)	–	–	–	–		(446)
Impairment loss on right-of-use asset	(574)	–	–	–	–		(574)
Net (impairment loss)/write-back of impairment loss on doubtful trade receivables	(392)	(1,922)	4	–	–		(2,310)
Net loss on disposal of property, plant and equipment	(231)	–	–	–	–		(231)
Property, plant and equipment written off	(40)	(4)	–	(1)	(1)		(46)
Write-off of trade and other payables	1	6	15	113	–		135
Share of results of associates	(599)	(515)	(18)	–	–		(1,132)
Segment (loss)/profit	(746)	2,659	707	(90)	(1,481)		1,049

5. SEGMENT INFORMATION (CONT'D)

Group	Exhibitions, Thematic and Attractions $'000	Retail and Corporate Interiors $'000	Research and Design $'000	Alternative Marketing $'000	Corporate and Others $'000	Eliminations $'000	Consolidated Financial Statements $'000
2020							
Revenue							
External customers	148,556	119,897	15,032	3,473	–		286,958
Inter-segment (Note A)	4,070	7,165	–	2,113	–	(13,348)	–
Total revenue	152,626	127,062	15,032	5,586	–	(13,348)	286,958
Results							
Interest income	120	205	24	13	36		398
Interest expense	(356)	(470)	(29)	(8)	(309)		(1,172)
Amortisation of intangible assets	(212)	–	–	–	–		(212)
Amortisation of land use rights	–	(26)	–	–	(243)		(269)
Bad trade debts written off	(167)	(307)	(4)	(10)	–		(488)
Depreciation of property, plant and equipment	(2,435)	(1,572)	(313)	(95)	(459)		(4,874)
Depreciation of right-of-use assets	(1,786)	(1,267)	(402)	(16)	(27)		(3,498)
Impairment loss on contract assets	–	(1,190)	–	–	–		(1,190)
Impairment loss on intangible assets	(2,593)	(970)	–	–	–		(3,563)
Impairment loss on property, plant and equipment	(2,531)	–	–	–	–		(2,531)
Impairment loss on right-of-use asset	(3,254)	–	–	–	–		(3,254)
Net gain/(loss) on disposal of property, plant and equipment	1	(13)	–	–	4		(8)
Net impairment loss on doubtful trade receivables	(3,191)	(2,798)	(40)	(2)	–		(6,031)
Performance share scheme expense	128	18	29	10	–		185
Property, plant and equipment written off	(380)	–	–	–	–		(380)
Write-off of trade and other payables	739	842	8	15	–		1,604
Share of result of joint venture	(403)	–	–	–	–		(403)
Share of results of associates	(963)	(728)	(14)	–	–		(1,705)
Segment (loss)/profit	(2,788)	(4,861)	950	(1,025)	(1,470)		(9,194)

Note: Nature of eliminations to arrive at amounts reported in the consolidated financial statements is as follows:
A. Inter-segment revenue are eliminated on consolidation.

5. SEGMENT INFORMATION (CONT'D)

Geographical information

Revenue by geographical location are based on the location of customers, except for site orders of booth accessories placed by customers for official trade shows, which are based on location of the shows.

	Group	
	2021	**2020**
	$'000	$'000
Revenue by geographical location are as follows:		
South Asia *	152,183	157,667
North Asia **	106,309	116,683
Middle East	1,181	3,144
United States and Canada	11,536	7,118
Europe	917	1,707
Others	1,051	639
	273,177	286,958

* Included revenue of $104,452,000 (2020: $102,356,000) for Singapore.
** Included revenue of $83,382,000 (2020: $74,527,000) for People's Republic of China.

Information about a major customer

For the reporting year ended 31 December 2021, the Group has revenue from Nil (2020: one) major customer (10% or more of the Group's revenue) that amounted to $Nil (2020: $36,614,000) under the Exhibitions, Thematic and Attractions segment.

6. REVENUE

	Group	
	2021	**2020**
	$'000	$'000
Contract revenue	270,891	285,369
Sale of goods	2,107	1,375
Rental of equipment	179	214
	273,177	286,958

Majority of the revenue is recognised over time, and the balance, at a point in time.

6. REVENUE (CONT'D)

Disaggregation of revenue by geographical location are based on the location of customers, except for site orders of booth accessories placed by customers for official trade shows, which are based on location of the shows.

Segments	Exhibitions, Thematic and Attractions		Retail and Corporate Interiors		Research and Design		Alternative Marketing		Total Revenue	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Group	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Geographical location										
South Asia	62,354	76,490	78,472	69,048	8,435	8,656	2,922	3,473	152,183	157,667
North Asia	43,795	69,860	58,772	41,385	3,742	5,438	–	–	106,309	116,683
Middle East	244	1,608	859	1,526	78	10	–	–	1,181	3,144
United States and Canada	1,977	79	9,454	7,018	105	21	–	–	11,536	7,118
Europe	377	519	42	476	498	712	–	–	917	1,707
Others	87	–	830	444	134	195	–	–	1,051	639
	108,834	148,556	148,429	119,897	12,992	15,032	2,922	3,473	273,177	286,958

7. INTEREST INCOME

	Group	
	2021	2020
	$'000	$'000
Interest income from debt instruments at amortised cost		
– Short-term deposits and bank balances	248	377
– Others	20	21
	268	398

8. OTHER INCOME

	Group	
	2021	2020
	$'000	$'000
Corporate fee income	431	468
Gain on disposal of assets classified as held for sale	1,558	–
Gain on disposal of right-of-use asset	13	–
Gain on lease modification	28	–
Grants, subsidies and rebates	4,994	8,679
Rental income	1,330	1,257
Write-back of impairment loss on doubtful trade receivables	147	10
Write-off of trade and other payables	135	1,604
Miscellaneous income	369	415
	9,005	12,433

9. EMPLOYEE BENEFITS EXPENSE

	Group	
	2021	**2020**
	$'000	$'000
Salaries, wages and bonuses	41,948	47,395
Contributions to defined contribution plans	4,267	3,697
Provision for/(write-back of provision for) unutilised leave	506	(624)
Directors' fees	448	532
Other employee benefits	1,085	1,263
	48,254	52,263

10. OTHER EXPENSES

The major and other selected components of other expenses include the following:

	Group	
	2021	**2020**
	$'000	$'000
Amortisation of land use right	243	243
Audit fees		
– Auditors of the Company	200	202
– Other auditors	145	154
Bad trade debts written off	46	488
Depreciation of right-of-use assets	2,063	2,201
Impairment loss on contract assets	–	1,190
Impairment loss on doubtful trade receivables	2,457	6,041
Impairment loss on intangible assets	–	3,563
Impairment loss on property, plant and equipment	446	2,531
Impairment loss on right-of-use asset	574	3,254
Net foreign exchange loss	593	812
Net loss on disposal of property, plant and equipment	231	8
Property, plant and equipment written off	46	380
Selling and distribution expenses	595	1,393
Travelling and transport expenses	151	267
Upkeep and maintenance expenses	1,118	1,125
Utilities	505	554

11. INTEREST EXPENSE

	Group	
	2021	**2020**
	$'000	$'000
Interest expense on financial liabilities carried at amortised cost		
– Trust receipts, bank overdrafts and bank loans	614	836
– Lease liabilities	278	336
	892	1,172

12. INCOME TAX EXPENSE

	Group 2021 $'000	Group 2020 $'000
Current tax expense		
Current year tax expense	1,736	1,997
(Over)/under provision in respect of prior year	(1,532)	181
	204	2,178
Deferred tax expense/(income)		
Deferred tax expense/(income) (Note 23)	987	(1,459)
	987	(1,459)
Income tax expense	1,191	719

A reconciliation between the income tax expense and the product of profit/(loss) before tax multiplied by the applicable corporate tax rates for the reporting years ended 31 December 2021 and 2020 is as follows:

	Group 2021 $'000	Group 2020 $'000
Profit/(loss) before tax	1,049	(9,194)
Add: Share of result of joint venture	–	403
Add: Share of results of associates	1,132	1,705
	2,181	(7,086)
Tax at domestic tax rates applicable to profits/(losses) in the countries where the Group operates *	1,289	(1,580)
Expenses not deductible for tax purposes	2,331	3,023
Tax exemptions and reliefs granted	(66)	(74)
Income not subjected to tax	(1,134)	(1,176)
Deferred tax assets not recognised	303	345
(Over)/under provision in respect of prior year	(1,532)	181
Income tax expense	1,191	719

* The reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

13. EARNINGS/(LOSS) PER SHARE

Basic earnings per share of the Group for the reporting year ended 31 December 2021 (2020: basic loss per share) is calculated by dividing the Group's profit net of tax attributable to equity holders of the Company of $1,004,000 (2020: loss net of tax attributable to equity holders of the Company of $11,117,000) by the weighted average number of ordinary shares outstanding during the reporting year of 201,948,299 (2020: 201,948,299).

The basic and diluted earnings/(loss) per share of the Group are the same as there were no potential dilutive ordinary shares outstanding as at 31 December 2021 and 2020.

14. LAND USE RIGHTS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
<u>Cost</u>				
At 1 January	8,632	8,570	7,284	7,284
Foreign exchange adjustments	65	62	–	–
At 31 December	8,697	8,632	7,284	7,284
<u>Accumulated amortisation</u>				
At 1 January	1,306	1,036	1,275	1,032
Amortisation charge for the year	271	269	243	243
Foreign exchange adjustments	2	1	–	–
At 31 December	1,579	1,306	1,518	1,275
<u>Net carrying amount</u>				
At 31 December	7,118	7,326	5,766	6,009
Amount to be amortised				
– Not later than one year	271	270	243	243
– Later than one year and not later than five years	1,084	1,079	971	971
– Later than five years	5,763	5,977	4,552	4,795
	7,118	7,326	5,766	6,009

Amortisation expense is charged as follows:

	Group	
	2021	**2020**
	$'000	$'000
Cost of sales	28	26
Other expenses	243	243
Total	271	269

The Group has land use right over a plot of land in Singapore where the Group's headquarters building reside. The net carrying amount of the land use right of $5,766,000 (2020: $6,009,000) is pledged as securities for certain banking facilities granted (Note 32). The Group also has land use right over a plot of vacant land in the People's Republic of China where the Group intends to construct office, production and storage facilities. The land use rights are not transferable and have remaining tenures of 24 and 48 (2020: 25 and 49) years for Singapore and the People's Republic of China respectively.

15. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land $'000	Buildings $'000	Experiential and themed attractions $'000	Machinery and equipment $'000	Office equipment, computers and software $'000	Motor vehicles $'000	Furniture and fittings $'000	Renovations $'000	Assets under construction $'000	Total $'000
Cost										
At 1 January 2020	6,879	31,185	6,461	14,750	6,625	1,370	783	9,442	–	77,495
Additions	–	–	–	1,697	275	–	27	237	173	2,409
Disposals/write-offs	–	–	(398)	(6)	(172)	(220)	–	(38)	–	(834)
Transferred from assets under construction	–	–	173	–	–	–	–	–	(173)	–
Reclassified as assets held for sale	(834)	(950)	–	–	–	–	–	–	–	(1,784)
Foreign exchange adjustments	(2)	(2)	–	(49)	(22)	6	1	(19)	–	(87)
At 31 December 2020	6,043	30,233	6,236	16,392	6,706	1,156	811	9,622	–	77,199
Additions	–	–	–	93	429	106	14	30	–	672
Disposals/write-offs	–	–	–	(3,717)	(324)	(65)	(133)	(83)	–	(4,322)
Reclassified as investment property	(846)	(941)	–	–	–	–	–	–	–	(1,787)
Foreign exchange adjustments	(91)	(115)	–	26	51	24	5	43	–	(57)
At 31 December 2021	5,106	29,177	6,236	12,794	6,862	1,221	697	9,612	–	71,705
Accumulated depreciation and impairment										
At 1 January 2020	–	2,097	235	11,741	4,996	867	430	3,772	–	24,138
Depreciation charge for the year	–	1,000	1,004	1,170	573	127	99	901	–	4,874
Disposals/write-offs	–	–	(18)	(6)	(88)	(136)	–	(38)	–	(286)
Impairment loss	–	–	2,407	124	–	–	–	–	–	2,531
Reclassified as assets held for sale	–	(179)	–	–	–	–	–	–	–	(179)
Foreign exchange adjustments	–	(1)	–	(31)	(25)	2	1	(14)	–	(68)
At 31 December 2020	–	2,917	3,628	12,998	5,456	860	530	4,621	–	31,010
Depreciation charge for the year	–	979	498	1,333	508	118	87	870	–	4,393
Disposals/write-offs	–	–	–	(2,699)	(309)	(59)	(130)	(73)	–	(3,270)
Impairment loss	–	–	424	22	–	–	–	–	–	446
Reclassified as investment property	–	(196)	–	–	–	–	–	–	–	(196)
Foreign exchange adjustments	–	(15)	–	13	43	20	2	38	–	101
At 31 December 2021	–	3,685	4,550	11,667	5,698	939	489	5,456	–	32,484
Net carrying amount										
At 31 December 2020	6,043	27,316	2,608	3,394	1,250	296	281	5,001	–	46,189
At 31 December 2021	5,106	25,492	1,686	1,127	1,164	282	208	4,156	–	39,221

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

Company	Building $'000	Office equipment, computers and software $'000	Motor vehicle $'000	Furniture and fittings $'000	Renovations $'000	Total $'000
Cost						
At 1 January 2020	22,521	595	7	86	3,294	26,503
Additions	–	31	–	2	170	203
Disposals/write-offs	–	(79)	–	–	–	(79)
At 31 December 2020	22,521	547	7	88	3,464	26,627
Additions	–	51	–	1	13	65
Disposals/write-offs	–	(7)	(7)	–	–	(14)
At 31 December 2021	22,521	591	–	89	3,477	26,678
Accumulated depreciation						
At 1 January 2020	1,102	244	7	16	438	1,807
Depreciation charge for the year	827	91	–	13	343	1,274
Disposals/write-offs	–	(22)	–	–	–	(22)
At 31 December 2020	1,929	313	7	29	781	3,059
Depreciation charge for the year	827	86	–	12	349	1,274
Disposals/write-offs	–	(6)	(7)	–	–	(13)
At 31 December 2021	2,756	393	–	41	1,130	4,320
Net carrying amount						
At 31 December 2020	20,592	234	–	59	2,683	23,568
At 31 December 2021	19,765	198	–	48	2,347	22,358

Depreciation expense is charged as follows:

	Group 2021 $'000	Group 2020 $'000
Cost of sales	1,433	1,568
Other expenses	2,960	3,306
Total	4,393	4,874

During the reporting year ended 31 December 2021, the Group acquired property, plant and equipment with an aggregate fair value of $672,000 (2020: $2,409,000) by means of cash payments.

Assets reclassified as held for sale

In November 2020, the Group's 71% owned subsidiary, Kingsmen Exhibits Sdn Bhd, entered into a sale and purchase agreement for the disposal of its freehold land and building with an aggregate net carrying amount of $1,605,000 which was not completed as at the end of the reporting year. Consequently, the freehold land and building were reclassified as assets held for sale as at the end of the reporting year. During the reporting year ended 31 December 2021, the disposal was completed and the assets classified as held for sale were derecognised.

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

Assets reclassified as investment property

In December 2021, the Group's 71% owned subsidiary, Kingsmen Projects Sdn Bhd, entered into a rental agreement for the lease of its property, comprising of freehold land and building with an aggregate net carrying amount of $1,591,000, to a third party to earn rental income. Consequently, the freehold land and building were reclassified from property, plant and equipment to investment property as at the end of the reporting year as they were no longer held in use for business operations.

Impairment of assets

An impairment loss of $446,000 (2020: $2,531,000) was recognised to write down the carrying amount of an experiential and themed attraction, and its related machinery and equipment under the experiential and themed attractions business to the recoverable amount as the operation was loss-making and the business outlook and projection have resulted in the recoverable amount being lower than the carrying amount. The recoverable amount was based on the value in use (Level 3) and the pre-tax discount rate used was 14.2% (2020: 11.2%) per annum.

Assets pledged as securities

The Group's freehold land and buildings with an aggregate net carrying amount of $5,106,000 (2020: $6,043,000) and $25,492,000 (2020: $27,316,000) respectively are pledged as securities for certain banking facilities granted (Note 32).

16. INVESTMENT PROPERTY

Group	Freehold land $'000	Building $'000	Total $'000
Cost			
At 1 January 2020 and 31 December 2020	–	–	–
Reclassified from property, plant and equipment	846	941	1,787
At 31 December 2021	846	941	1,787
Accumulated depreciation			
At 1 January 2020 and 31 December 2020	–	–	–
Reclassified from property, plant and equipment	–	196	196
At 31 December 2021	–	196	196
Net carrying amount			
At 31 December 2020	–	–	–
At 31 December 2021	846	745	1,591

In December 2021, the Group's 71% owned subsidiary, Kingsmen Projects Sdn Bhd, entered into a rental agreement for the lease of its property, comprising of freehold land and building with an aggregate net carrying amount of $1,591,000, to a third party to earn rental income. Consequently, the freehold land and building were reclassified from property, plant and equipment to investment property as at the end of the reporting year as they were no longer held in use for business operations.

16. INVESTMENT PROPERTY (CONT'D)

The fair value (Level 3) of the investment property was determined to be $3,273,000 (2020: $Nil) based on comparison with market evidence of recent transaction prices for similar properties.

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

Assets pledged as securities

The investment property, comprising of freehold land and building with a net carrying amount of $846,000 (2020: $Nil) and $745,000 (2020: $Nil) respectively are pledged as securities for certain banking facilities granted (Note 32).

17. INTANGIBLE ASSETS

Group	Goodwill $'000	Customer relationships $'000	Licences $'000	Total $'000
Cost				
At 1 January 2020	8,154	2,177	2,138	12,469
Addition	–	–	206	206
Foreign exchange adjustments	(55)	–	(44)	(99)
At 31 December 2020	8,099	2,177	2,300	12,576
Foreign exchange adjustments	66	–	47	113
At 31 December 2021	8,165	2,177	2,347	12,689
Accumulated amortisation and impairment				
At 1 January 2020	1,000	2,177	277	3,454
Amortisation charge for the year	–	–	212	212
Impairment loss	1,940	–	1,623	3,563
Foreign exchange adjustments	–	–	(78)	(78)
At 31 December 2020	2,940	2,177	2,034	7,151
Amortisation charge for the year	–	–	29	29
Foreign exchange adjustments	–	–	42	42
At 31 December 2021	2,940	2,177	2,105	7,222
Net carrying amount				
At 31 December 2020	5,159	–	266	5,425
At 31 December 2021	5,225	–	242	5,467

17. INTANGIBLE ASSETS (CONT'D)

During the reporting year ended 31 December 2021, amortisation expense of $29,000 (2020: $212,000) was charged to cost of sales.

The goodwill arose from the acquisition of Kingsmen (North Asia) Limited and Kingsmen Indochina Pte Ltd in 2007 and the accounting of Kingsmen Middle East LLC as a subsidiary with effect from 2014.

The customer relationships were recognised upon the acquisition of Kingsmen (North Asia) Limited in 2007 and the accounting of Kingsmen Middle East LLC as a subsidiary with effect from 2014 and are amortised over a period of 5 years and 6 years respectively.

The licences arose from the acquisition of the rights by Kingsmen Xperience, Inc. for its experiential and themed attractions business and are amortised over a period of between 19 to 84 (2020: 19 to 156) months.

Goodwill, customer relationships and licences are allocated to cash-generating units for the purpose of impairment testing. The goodwill that arose from the accounting of Kingsmen Middle East LLC as a subsidiary with effect from 2014 was not tested for impairment at the end of the reporting year as it has been fully impaired. The customer relationships were not tested for impairment at the end of the reporting year as the carrying amounts were fully amortised. Each of those cash-generating units represents the respective subsidiaries as follows:

	Group	
	2021	**2020**
	$'000	$'000
Name of subsidiary		
– Kingsmen (North Asia) Limited	4,536	4,470
– Kingsmen Indochina Pte Ltd	689	689
– Kingsmen Xperience, Inc.	242	266
Net carrying amount at end of the year	5,467	5,425

17. INTANGIBLE ASSETS (CONT'D)

To assess the impairment at the end of the reporting year, the Group estimated the value in use (Level 3) of the respective subsidiaries, being the lowest cash-generating unit to which the goodwill and licences are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from each subsidiary, based on the financial budgets approved by management covering a three-year period. The calculations of value in use for the subsidiaries are most sensitive to the following assumptions:

– Budgeted gross margins are estimated based on values achieved in the past years or values expected to be achieved. These are generally adjusted over the budget period for anticipated changes in performance.

– The pre-tax discount rates applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flows beyond the three-year period were between 8.2% to 12.9% (2020: 6.1% to 12.8%) and 1.7% to 7.0% (2020: 1.9% to 6.9%) per annum respectively. The discount rates reflect management's estimate of the risks specific to the subsidiaries and approximate the weighted average cost of capital for the subsidiaries. The growth rates used are based on management's best estimate of the long-term average growth rate relevant to the business activities of the subsidiaries.

Management believes that any reasonably possible change in the key assumptions on which each subsidiary recoverable amount is based on would not cause the carrying amount to exceed its recoverable amount. The quantitative information about the value in use measurement using significant unobservable inputs for each subsidiary are consistent with those used for the measurement last performed.

No impairment loss (2020: $3,563,000) was recognised for the reporting year ended 31 December 2021 as the values in use are in excess of or approximate the carrying amounts.

18. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021	**2020**
	$'000	$'000
Unquoted equity shares		
Balance at beginning of the year	35,286	32,286
Addition	–	3,000
Balance at end of the year	35,286	35,286
Accumulated impairment loss	(6,637)	(6,637)
Carrying amount of investments	28,649	28,649

No impairment loss (2020: $6,637,000) was recognised for the reporting year ended 31 December 2021 as the recoverable amounts are in excess of or approximate the carrying amounts.

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The listing of and information on the subsidiaries are given below:

Name of subsidiary **Country of incorporation and principal place of business** **Principal activities** **(Independent Auditor)**	**Percentage of effective equity interest held by the Group** **2021** %	 **2020** %
<u>Held by the Company</u>		
Kingsmen Exhibits Pte Ltd Singapore Advertising contractors and agents and design and production of exhibitions, decorations and museums (RSM Chio Lim LLP)	100.00	100.00
Kingsmen Projects Pte Ltd Singapore Design and production of architectural interiors, decorations and museums (RSM Chio Lim LLP)	100.00	100.00
Kingsmen Design Pte Ltd Singapore Design consultancy and planning management (RSM Chio Lim LLP)	100.00	100.00
Kingsmen Ooh-media Pte Ltd Singapore Advertising services, exhibitions organiser, consultancy event management and marketing communications (RSM Chio Lim LLP)	70.00	70.00
Hi-Light Electrical Pte Ltd Singapore Electrical engineering (RSM Chio Lim LLP)	80.00	80.00
Kingsmen Indochina Pte Ltd Singapore Investment holding (RSM Chio Lim LLP)	100.00	100.00
Thinkfarm Pte Ltd Singapore Custom publishing, media sales and events marketing (RSM Chio Lim LLP)	70.00	70.00

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary **Country of incorporation and principal place of business** **Principal activities** **(Independent Auditor)**	**Percentage of effective equity interest held by the Group** **2021** %	 **2020** %
Held by the Company (cont'd)		
Kingsmen Ventures Pte Ltd Singapore Investment holding (RSM Chio Lim LLP)	100.00	100.00
Kingsmen Sdn Bhd Malaysia Investment holding and advertising contractors (RSM Malaysia)	71.00	71.00
Kingsmen (North Asia) Limited Hong Kong Investment holding and provision of corporate marketing and other related services (RSM Hong Kong)	100.00	100.00
PT Kingsmen Indonesia Indonesia Design and production of interiors, exhibitions, decorations and museums (Arman Eddy Ferdinand & Rekan)	95.00	95.00
Kingsmen Middle East LLC [a] United Arab Emirates Design and production of interiors, exhibitions, decorations and museums (Puthran Chartered Accountants)	55.51	55.51
Held through Kingsmen Exhibits Pte Ltd		
Kingsmen Environmental Graphics Pte Ltd [b] Singapore Graphic design and production (RSM Chio Lim LLP)	100.00	100.00
Held through Kingsmen Projects Pte Ltd		
K-Fix Holdings Pte Ltd Singapore Investment holding (RSM Chio Lim LLP)	100.00	100.00
K-Fix Production Sdn Bhd Malaysia Manufacturer, wholesaler and trader of interior and exhibition furniture, fixtures and displays (CH & Associates)	100.00	100.00

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18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group 2021 %	 2020 %
<u>Held through Kingsmen Projects Pte Ltd (cont'd)</u>		
K-Fix (Kunshan) Co Ltd. [c] People's Republic of China Manufacturer, wholesaler and trader of interior and exhibition furniture, fixtures and displays (Suzhou Huaming United Certified Public Accountants)	100.00	100.00
Kingsmen Projects US United States of America Design and production of architectural interiors and decorations (Not required to be audited by the law of its country of incorporation)	70.00	70.00
<u>Held through K-Fix Holdings Pte Ltd</u>		
K-Fix (Nantong) Co Ltd. People's Republic of China Manufacturer, wholesaler and trader of interior and exhibition furniture, fixtures and displays (Suzhou Huaming United Certified Public Accountants)	100.00	100.00
<u>Held through Kingsmen Ooh-media Pte Ltd</u>		
I-Promo Pte Ltd Singapore Design consultancy, projects and events management and provision of special design and construction facilities to exhibitors (RSM Chio Lim LLP)	70.00	70.00
<u>Held through Kingsmen Indochina Pte Ltd</u>		
Kingsmen Vietnam Co., Ltd Vietnam Design and production of interiors, exhibitions, decorations and museums (PwC (Vietnam) Limited)	100.00	100.00
<u>Held through Kingsmen Ventures Pte Ltd</u>		
NAX Company Pte Ltd Singapore Investment holding and management consultancy services (RSM Chio Lim LLP)	100.00	100.00
Kingsmen Xperience, Inc. United States of America Development, ownership and marketing of intellectual property for experiential and themed attractions (Not required to be audited by the law of its country of incorporation)	80.00	80.00

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18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group 2021 %	 2020 %
Held through NAX Company Pte Ltd		
NAX Singapore Pte Ltd Singapore Development, ownership and marketing of intellectual property for experiential and themed attractions (RSM Chio Lim LLP)	100.00	100.00
Held through Kingsmen Xperience, Inc.		
NAX USA, LLC United States of America Development, ownership and marketing of intellectual property for experiential and themed attractions (Not required to be audited by the law of its country of incorporation)	80.00	80.00
Planet Play USA, LLC United States of America Development, ownership and marketing of intellectual property for experiential and themed attractions (Not required to be audited by the law of its country of incorporation)	80.00	–
Held through Kingsmen Sdn Bhd		
Kingsmen Projects Sdn Bhd Malaysia Design and production of interiors, exhibitions, decorations and museums (RSM Malaysia)	71.00	71.00
Kingsmen Exhibits Sdn Bhd Malaysia Design and production of interiors, exhibitions, decorations and museums (RSM Malaysia)	71.00	71.00
Held through Kingsmen (North Asia) Limited		
Kingsmen Hong Kong Limited Hong Kong Design and production of interiors, exhibitions, decorations and museums (RSM Hong Kong)	96.00	96.00
Kingsmen Beijing Co., Limited [d] People's Republic of China Design and production of interiors, exhibitions, decorations and museums (Beijing Dongshen Dingli International Certified Public Accountants Co., Ltd)	100.00	100.00

18. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of subsidiary Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group 2021 %	2020 %
<u>Held through Kingsmen (North Asia) Limited (cont'd)</u>		
Kingsmen Shanghai Co., Limited [(d)] People's Republic of China Design and production of interiors, exhibitions, decorations and museums (Beijing Dongshen Dingli International Certified Public Accountants Co., Ltd)	100.00	100.00
Kingsmen Taiwan International Co. Limited [(d)] Taiwan Design and production of interiors, exhibitions, decorations and museums (Ecovis Taiwan)	100.00	100.00
Kingsmen Macau Limited [(d)] Macau Design and production of interiors, exhibitions, decorations and museums (Not required to be audited by the law of its country of incorporation)	100.00	100.00
<u>Held through Kingsmen Hong Kong Limited</u>		
Kingsmen (Shenzhen) Co Ltd. [(d)] People's Republic of China Design and production of interiors, exhibitions, decorations and museums (Shenzhen Tongde Certified Public Accountants)	96.00	96.00

(a) Kingsmen Middle East LLC was accounted for as a 55.51% subsidiary of the Group with effect from 1 January 2014. Although the Group does not own more than half of the voting power of Kingsmen Middle East LLC, it is able to govern the financial and operating policies of the company by virtue of agreements with other shareholders of the company. The nature of these agreements results in the Group having the power over Kingsmen Middle East LLC's variable returns. Prior to this, Kingsmen Middle East LLC was accounted for as a 25% associate of the Group.

(b) Struck off in February 2022.

(c) The Group holds an effective equity interest of 100% (2020: 100%) in K-Fix (Kunshan) Co Ltd., of which 70% (2020: 70%) is held through Kingsmen Projects Pte Ltd and 30% (2020: 30%) is held through Kingsmen (North Asia) Limited.

(d) For the purposes of the preparation of the Group's financial statements to comply with SFRS(I), these subsidiaries are audited by RSM Hong Kong.

There are no subsidiaries that have non-controlling interests that are considered material to the Group.

19. INVESTMENT IN JOINT VENTURE

	Group 2021 $'000	Group 2020 $'000
Unquoted equity shares, at cost		
Balance at beginning and end of the year	246	246
Share of post acquisition reserves		
Balance at beginning of the year	(269)	134
Share of loss for the year	–	(403)
Balance at end of the year	(269)	(269)
Foreign exchange adjustments	23	23
Carrying amount of investment	–	–

The listing of and information on the joint venture are given below:

Name of joint venture Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group 2021 %	2020 %
Held through Kingsmen Exhibits Pte Ltd		
Kingsmen-Nassal Kabushiki Kaisha	50.00	50.00
Japan		
Design, manufacture and build of themed attractions and lifestyle parks		
(Not required to be audited by the law of its country of incorporation)		

The summarised unaudited financial information of the joint venture, which is non-material, and the aggregated amounts (and not the Group's share of those amounts) based on the financial statements of the joint venture are as follows:

	2021 $'000	2020 $'000
Current assets	4,572	4,609
Non-current assets	11	10
Current liabilities	(5,861)	(5,755)
Non-current liabilities	–	–
Revenue	3,915	16,240
Loss for the reporting year	(142)	(1,941)

The Group has not recognised losses relating to the joint venture where its share of losses exceeds the Group's interest in the joint venture as the Group does not have any obligations in respect of these losses. As at 31 December 2021, the Group's cumulative share of the unrecognised losses was $639,000 (2020: $568,000).

20. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Unquoted equity shares, at cost				
Balance at beginning and end of the year	3,537	3,537	3,430	3,430
Share of post acquisition reserves				
Balance at beginning of the year	1,129	2,834	–	–
Share of loss for the year	(1,132)	(1,705)	–	–
Balance at end of the year	(3)	1,129	–	–
Foreign exchange adjustments	(277)	(116)	–	–
Carrying amount of investments	3,257	4,550	3,430	3,430

The listing of and information on the associates are given below:

Name of associate Country of incorporation and principal place of business Principal activities (Independent Auditor)	Percentage of effective equity interest held by the Group	
	2021	2020
	%	%
Held by the Company		
Ascend Com Pte. Ltd. Singapore Renting and selling audio-visual, computer and peripheral equipment (Plus LLP)	40.00	40.00
Kingsmen Korea Limited Korea Design and production of architectural interiors, decorations and museums (SEOU Accounting Corporation)	24.46	24.46
Kingsmen Nikko Limited Japan Advertising contractors and agents and design and production of exhibitions, decorations and museums (Not required to be audited by the law of its country of incorporation)	33.33	33.33
Enterprise Sports Group Pte Ltd Singapore Sports event marketing, public relations and organising (Fong S F & Associates)	30.00	30.00

20. INVESTMENTS IN ASSOCIATES (CONT'D)

Name of associate **Country of incorporation and principal place of business** **Principal activities** **(Independent Auditor)**	**Percentage of effective equity interest held by the Group** **2021** %	 **2020** %
<u>Held through Ascend Com Pte. Ltd.</u>		
White Label Studio Pte Ltd Singapore Digital interactive, experiential and immersive media, virtual and augmented reality, web application development and motion graphics/video production (Plus LLP)	32.00	32.00
Crescendo Media Pte Ltd Singapore Media production and event planning (Plus LLP)	16.00	16.00
Ascend Com Sdn Bhd Malaysia Provision of information technology products and services (L & Co. PLT)	16.00	16.00
<u>Held through Kingsmen Korea Limited</u>		
Kingsmen E&E Limited Korea Design and production of architectural interiors and decorations for museums and commercial interiors and alternative marketing (SEOU Accounting Corporation)	22.01	22.01
<u>Held through Kingsmen Nikko Limited</u>		
Kingsmen Projects Japan Limited Japan Advertising contractors and agents and design and production of exhibitions, decorations and museums (Not required to be audited by the law of its country of incorporation)	26.67	26.67
<u>Held through Kingsmen Projects Japan Limited</u>		
Kingsmen Architects and Design Limited Japan Design consultancy and planning management (Not required to be audited by the law of its country of incorporation)	26.67	26.67

20. INVESTMENTS IN ASSOCIATES (CONT'D)

Name of associate **Country of incorporation and principal place of business** **Principal activities** **(Independent Auditor)**	**Percentage of effective equity interest held by the Group**	
	2021	**2020**
	%	%
Held through Enterprise Sports Group Pte Ltd		
Little Swim School Pte Ltd	28.50	28.50
Singapore		
Private and public sports coaching and sale of sporting products		
(Fong S F & Associates)		
Held through Kingsmen Sdn Bhd		
KEG Sdn Bhd	28.40	28.40
Malaysia		
Design and production of interiors, exhibitions, decorations and museums		
(Moore Stephens Associates PLT)		
Held through KEG Sdn Bhd		
KEG Production Sdn Bhd	17.04	17.04
Malaysia		
Manufacturer, wholesaler and trader of interior and exhibition furniture, fixtures and displays		
(Moore Stephens Associates PLT)		

The summarised unaudited financial information of all the associates, which are individually non-material, and the aggregated amounts (and not the Group's share of those amounts) based on the financial statements of the associates are as follows:

	2021	**2020**
	$'000	$'000
Current assets	24,855	28,574
Non-current assets	4,815	5,965
Current liabilities	15,497	16,758
Non-current liabilities	6,930	5,751
Revenue	32,013	39,524
Loss for the reporting year	(3,794)	(5,134)

The Group has not recognised losses relating to an associate where its share of losses exceeds the Group's interest in the associate as the Group does not have any obligations in respect of these losses. As at 31 December 2021, the Group's cumulative share of the unrecognised losses was $467,000 (2020: $359,000).

21. OTHER INVESTMENTS

	Group and Company	
	2021	2020
	$'000	$'000
Equity instruments at fair value through other comprehensive income		
– Quoted equity shares and warrants	3,205	823
– Unquoted equity shares	38	38
	3,243	861

During the reporting year ended 31 December 2021, the Company subscribed to a rights and warrants issue arising from its investment in quoted equity shares, amounting to $262,000. Consequently, the net carrying amount of the Group's investment in quoted equity shares and warrants increased from $823,000 to $1,085,000. The fair value (Level 1) of the Group's investment in quoted equity shares and warrants was determined to be $3,205,000 (2020: $823,000) based on the quoted market prices at the end of the reporting year. Hence, the Group recognised a change in fair value of $2,120,000 (2020: $435,000) in other comprehensive income for the reporting year ended 31 December 2021.

Fair value information has not been disclosed for the Group's investment in unquoted equity shares that is carried at cost because the fair value (Level 3), which is not expected to be material to the Group, cannot be measured reliably. The carrying amount of the investment of $38,000 (2020: $38,000) is not material to the Group and the Group does not intend to dispose of this investment in the foreseeable future.

22. RIGHT-OF-USE ASSETS

The Group has entered into lease agreements, in which it is the lessee, for production, office, retail, storage and dormitory facilities ("Premises"), office equipment and motor vehicles. These leases, of which some are cancellable, have lease terms of between 11 to 84 (2020: 6 to 84) months. Some of these leases have renewal options, escalation clauses and/or purchase options included in the contracts and provide for contingent rent based on a percentage of revenue in excess of the base rent. There are no restrictions placed upon the Group by entering into these leases.

22. RIGHT-OF-USE ASSETS (CONT'D)

The carrying amounts of the right-of-use assets recognised and the movements during the reporting year are as follows:

Group	Premises $'000	Office equipment $'000	Motor vehicles $'000	Total $'000
Cost				
At 1 January 2020	11,064	304	152	11,520
Additions	2,162	1	–	2,163
Derecognition	(1,352)	–	–	(1,352)
Foreign exchange adjustments	39	1	(2)	38
At 31 December 2020	11,913	306	150	12,369
Additions	1,466	38	–	1,504
Derecognition	(1,708)	(26)	–	(1,734)
Disposal	–	–	(100)	(100)
Modification	(95)	–	–	(95)
Foreign exchange adjustments	79	(1)	1	79
At 31 December 2021	11,655	317	51	12,023
Accumulated depreciation and impairment				
At 1 January 2020	2,237	65	31	2,333
Depreciation charge for the year	3,400	70	28	3,498
Derecognition	(1,352)	–	–	(1,352)
Impairment loss	3,254	–	–	3,254
Foreign exchange adjustments	10	(1)	1	10
At 31 December 2020	7,549	134	60	7,743
Depreciation charge for the year	2,434	68	20	2,522
Derecognition	(1,708)	(26)	–	(1,734)
Disposal	–	–	(58)	(58)
Impairment loss	574	–	–	574
Modification	(28)	–	–	(28)
Foreign exchange adjustments	42	1	(1)	42
At 31 December 2021	8,863	177	21	9,061
Net carrying amount				
At 31 December 2020	4,364	172	90	4,626
At 31 December 2021	2,792	140	30	2,962

22. RIGHT-OF-USE ASSETS (CONT'D)

Company	Office equipment $'000
Cost	
At 1 January 2020 and 31 December 2020	10
Addition	12
Derecognition	(10)
At 31 December 2021	12
Accumulated depreciation	
At 1 January 2020	5
Depreciation charge for the year	4
At 31 December 2020	9
Depreciation charge for the year	3
Derecognition	(10)
At 31 December 2021	2
Net carrying amount	
At 31 December 2020	1
At 31 December 2021	10

Depreciation expense is charged as follows:

	Group	
	2021 $'000	2020 $'000
Cost of sales	459	1,297
Other expenses	2,063	2,201
Total	2,522	3,498

Impairment of asset

An impairment loss of $574,000 (2020: $3,254,000) was recognised to write down the carrying amount of a right-of-use asset, which pertains to the lease of retail premises for the operation of the experiential and themed attraction business, to its recoverable amount as the operation was loss-making and the business outlook and projection have resulted in the recoverable amount being lower than the carrying amount. The recoverable amount was based on the value in use (Level 3) and the pre-tax discount rate used was 14.2% (2020: 11.2%) per annum.

Assets pledged as securities

The Group's motor vehicles with an aggregate net carrying amount of $30,000 (2020: $90,000) are pledged as securities for certain lease liabilities entered into (Note 32).

23. DEFERRED TAX

Deferred tax as at 31 December relates to the following:

Group	Consolidated Statement of Financial Position 2021 $'000	2020 $'000	Consolidated Statement of Profit or Loss and Other Comprehensive Income 2021 $'000	2020 $'000
Deferred tax assets				
Differences in depreciation for tax purposes	(58)	(15)	(43)	(37)
Provisions	457	254	203	124
Unutilised tax losses	1,806	3,197	(1,391)	1,306
Others	237	210	27	(15)
	2,442	3,646		
Deferred tax liabilities				
Differences in depreciation for tax purposes	(136)	(410)	274	69
Provisions	25	36	(11)	(75)
Others	(167)	(153)	(14)	(1)
	(278)	(527)		
Foreign exchange adjustments			(32)	88
Deferred tax (expense)/income (Note 12)			(987)	1,459

Company	Statement of Financial Position 2021 $'000	2020 $'000
Deferred tax liabilities		
Differences in depreciation for tax purposes	(90)	(90)
Provisions	9	1
	(81)	(89)

Unabsorbed tax losses and unutilised capital allowances

As at 31 December 2021, the Group has unabsorbed tax losses and unutilised capital allowances totalling $4,727,000 (2020: $5,294,000) available for offset against future taxable profits of certain subsidiaries in which the tax losses and capital allowances arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. These unabsorbed tax losses and unutilised capital allowances are available for offset against future taxable profits for an unlimited future period except for amounts of $847,000, $972,000, $562,000 and $699,000 (2020: $1,654,000, $1,822,000 and $562,000) which expire in the reporting years ending 31 December 2025 to 2028 (2020: 31 December 2025 to 2027) respectively. The use of these tax losses and capital allowances is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation in which the subsidiaries operate.

Unrecognised temporary differences relating to investments in subsidiaries

Deferred tax liabilities of $1,891,000 (2020: $2,050,000) have not been recognised for taxes that would be payable on the distribution of the undistributed earnings of certain subsidiaries for the reporting year ended 31 December 2021 as the Group has determined that the undistributed earnings of these subsidiaries will not be distributed in the foreseeable future.

24. INVENTORIES

	Group 2021	Group 2020
	$'000	$'000
Merchandises	462	518
Project materials	1,179	1,380
	1,641	1,898

Merchandises and project materials recognised as cost of sales during the reporting year amounted to $989,000 (2020: $1,573,000).

25. CONTRACT ASSETS AND CONTRACT LIABILITIES

Information about contract assets and contract liabilities from contracts with customers is as follows:

	Group 2021	Group 2020
	$'000	$'000
Contract assets	24,651	23,872
Contract liabilities	6,329	4,853

Contract assets primarily relate to the Group's right to consideration for work completed but not yet billed at the reporting date for project works. Contract assets are transferred to trade receivables when the rights become unconditional.

Contract liabilities primarily relate to advance consideration received from customers and progress billings issued in excess of the Group's right to consideration. Contract liabilities are recognised as revenue as the Group performs under the contracts.

Significant changes in contract assets and contract liabilities during the reporting year are as follows:

	Group 2021	Group 2020
	$'000	$'000
Impairment loss on contract assets	–	1,190
Contract assets reclassified to trade receivables	20,666	14,972
Revenue recognised that was included in contract liabilities balance at beginning of the year	4,572	8,781

25. CONTRACT ASSETS AND CONTRACT LIABILITIES (CONT'D)

The aggregate amount of the transaction price allocated to the unsatisfied performance obligations as of 31 December 2021 is $56,227,000 (2020: $60,699,000), of which 80% (2020: 70%) amounting to $44,870,000 (2020: $42,644,000) may be recognised as revenue during the next reporting year ending 31 December 2022 (2020: 31 December 2021). Of the remaining 20% (2020: 30%), $7,632,000 (2020: $17,894,000) and $3,725,000 (2020: $161,000) may be recognised as revenue during the reporting years ending 31 December 2023 and 2024 (2020: 31 December 2022 and 2023) respectively. The amounts disclosed do not include the following:

(a) Performance obligations for which the Group has applied the practical expedient not to disclose information about its remaining performance obligations if:

– the performance obligation is part of a contract that has an original expected duration of one year or less; or

– the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

(b) Variable consideration that is constrained and therefore is not included in the transaction price.

26. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Trade receivables				
Non-related parties	69,165	73,814	–	–
Subsidiaries	–	–	1,093	1,329
Joint venture	–	522	–	–
Associates	889	798	148	130
Related parties	209	536	192	202
	70,263	75,670	1,433	1,661
Less: Impairment loss	(6,935)	(6,442)	(774)	(772)
Sub-total	63,328	69,228	659	889
Other receivables				
Other receivables	4,311	6,694	97	128
Subsidiaries	–	–	13,179	5,516
Loan receivable from subsidiaries	–	–	3,075	3,139
Loan receivable from joint venture	917	–	–	–
Associates	21	13	21	13
Loan receivable from associates	2,113	2,116	–	–
Staff advances and loans	753	805	6	–
Deposits	2,857	2,137	33	53
	10,972	11,765	16,411	8,849
Less: Impairment loss	–	–	(15,694)	(7,809)
Sub-total	10,972	11,765	717	1,040
Total	74,300	80,993	1,376	1,929

26. TRADE AND OTHER RECEIVABLES (CONT'D)

Movements in impairment loss on doubtful trade receivables during the reporting year are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
At beginning of the year	6,442	2,038	772	–
Impairment loss for the year	2,457	6,041	–	772
Write-back of impairment loss	(147)	(10)	–	–
Write-off against impairment loss	(1,902)	(1,513)	–	–
Foreign exchange adjustments	85	(114)	2	–
At end of the year	6,935	6,442	774	772

Movements in impairment loss on doubtful other receivables during the reporting year are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
At beginning of the year	–	–	7,809	–
Impairment loss for the year	–	–	7,836	7,809
Foreign exchange adjustments	–	–	49	–
At end of the year	–	–	15,694	7,809

Except for an amount of $150,000 (2020: $260,000) under loan receivable from subsidiaries and an amount of $381,000 (2020: $445,000) under staff loans, the remaining trade and other receivables are unsecured, non-interest bearing, repayable within the next twelve months and to be settled in cash. The amount of $150,000 (2020: $260,000) under loan receivable from subsidiaries and the amount of $381,000 (2020: $445,000) under staff loans are unsecured, bear interest at 6.00% (2020: 4.00% to 6.00%) and 4.50% (2020: 4.50%) per annum respectively, repayable within the next twelve months and to be settled in cash.

27. OTHER ASSETS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Income tax recoverable	79	17	–	–
Prepayments	2,904	2,494	17	23
	2,983	2,511	17	23

28. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Cash at banks and in hand	54,485	56,711	1,110	2,300
Short-term deposits	27,049	23,562	6,255	5,497
Cash and cash equivalents in statement of financial position	81,534	80,273	7,365	7,797
Bank overdrafts	(237)	(508)	–	–
Deposits pledged for bank facilities	(908)	(1,093)	–	(234)
Cash and cash equivalents for statement of cash flows	80,389	78,672	7,365	7,563

Certain bank balances earn interest at rates based on daily bank deposit rates. Short-term deposits are placed for varying periods from one month to one year (2020: one month to one year) depending on the immediate cash requirements of the Group. The short-term deposits bear interest of 0.10% to 3.40% (2020: 0.10% to 5.86%) and 0.10% to 0.50% (2020: 0.25% to 1.80%) per annum for the Group and the Company respectively during the reporting year.

Short-term deposits of $908,000 (2020: $1,093,000) and $Nil (2020: $234,000) of the Group and the Company respectively are pledged as securities for certain banking facilities granted (Note 32).

29. SHARE CAPITAL

	Group and Company			
	2021		**2020**	
	Number of ordinary shares issued	**Share capital**	**Number of ordinary shares issued**	**Share capital**
		$'000		$'000
At beginning and end of the year	201,948,299	29,191	201,948,299	29,191

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income. The Company is not subject to any externally imposed capital requirements.

Capital management

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risks taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

29. SHARE CAPITAL (CONT'D)

Capital management (cont'd)

In order to maintain its listing on the Singapore Exchange Securities Trading Limited, the Company has to have share capital with a free float of at least 10% of the shares. The Company met the capital requirement on its initial listing and continues to satisfy that requirement, as it did throughout the reporting year. Management receives regular reports from the share registrar providing information on the non-free float to ensure continuing compliance with the 10% limit.

The management does not set a target level of gearing but uses capital appropriately to support its business and to add value for shareholders. The key discipline adopted is to widen the margin between the return on capital employed and the cost of that capital.

30. OTHER RESERVES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Fair value reserve	(1,697)	(3,817)	(1,697)	(3,817)
Foreign currency translation reserve	(568)	(1,934)	–	–
Statutory reserve fund	2,424	1,783	–	–
Gain on reissuance of treasury shares	1,886	1,886	1,886	1,886
Premium paid on acquisition of non-controlling interests	(4,352)	(4,352)	–	–
	(2,307)	(6,434)	189	(1,931)

Fair value reserve

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
At beginning of the year	(3,817)	(3,382)	(3,817)	(3,382)
Change in fair value of equity instruments at fair value through other comprehensive income	2,120	(435)	2,120	(435)
At end of the year	(1,697)	(3,817)	(1,697)	(3,817)

Fair value reserve represents the cumulative fair value changes of financial assets at fair value through other comprehensive income until the assets are derecognised.

Foreign currency translation reserve

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
At beginning of the year	(1,934)	(3,465)	–	–
Exchange differences on translating foreign operations	1,366	1,531	–	–
At end of the year	(568)	(1,934)	–	–

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.

30. OTHER RESERVES (CONT'D)

Statutory reserve fund

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
At beginning of the year	1,783	1,498	–	–
Appropriation from retained earnings	641	285	–	–
At end of the year	2,424	1,783	–	–

In accordance with the applicable legislation in the countries where the Group's subsidiaries operate, certain subsidiaries are required to make appropriations to the Statutory Reserve Fund (the "SRF"). Under the applicable legislation, 10% of the statutory after tax profits as determined in accordance with the applicable accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiary's paid-up capital. Subject to approval from the relevant authorities, the SRF may be used to offset any accumulated losses or increase the paid-up capital of the subsidiary. The SRF is not available for dividend distribution to shareholders.

Gain on reissuance of treasury shares

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
At beginning and end of the year	1,886	1,886	1,886	1,886

The Company reissued treasury shares pursuant to its performance share scheme at an average fair value per treasury share. The excess of the average fair value per treasury share over the weighted average cost per treasury share was recognised in this reserve. This reserve is not available for dividend distribution to shareholders.

Premium paid on acquisition of non-controlling interests

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
At beginning and end of the year	(4,352)	(4,352)	–	–

31. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Current				
Trade payables				
Non-related parties	67,580	69,210	–	–
Associates	660	647	–	–
Related parties	43	7	–	–
Accrued project costs	7,152	12,774	–	–
Sub-total	75,435	82,638	–	–
Other payables				
Other payables	4,600	5,904	612	951
Subsidiaries	–	–	573	42
Associates	–	2	–	2
Provision for unutilised leave	842	328	55	1
Accrued operating expenses	10,391	13,487	1,103	953
Deposits	370	270	202	155
Sub-total	16,203	19,991	2,545	2,104
Current, total	91,638	102,629	2,545	2,104
Non-current				
Other payables				
Post-employment benefits	1,134	1,046	–	–
Non-current, total	1,134	1,046	–	–
Current and non-current, total	92,772	103,675	2,545	2,104

The current trade and other payables are unsecured, non-interest bearing, repayable within the next twelve months and to be settled in cash.

Included in post-employment benefits is an amount of $229,000 (2020: $262,000) which relates to an unfunded defined benefit plan for qualifying employees of the Group's subsidiary in Indonesia. Under the plan, the employees are entitled to post-employment benefits for every year of employment served having fulfilled certain conditions. The plan is not held separately by an independent administered fund as the plan is not a funded arrangement.

Movements in the provision and the amounts recognised in profit or loss and other comprehensive income during the reporting year are as follows:

	Group	
	2021	**2020**
	$'000	$'000
At beginning of the year	262	326
Current service cost	22	25
Effect of curtailment/settlement	(62)	(144)
Interest expense	14	15
Defined benefit plan actuarial (gain)/loss	(5)	54
Actual post employment payment	(5)	(2)
Foreign currency adjustments	3	(12)
At end of the year	229	262

31. TRADE AND OTHER PAYABLES (CONT'D)

The actuarial calculations are performed using the projected unit credit method and the key actuarial assumptions used are as follows:

	Group	
	2021	**2020**
Discount rate	7.0%	7.0%
Estimated future salary increase	5.0%	5.0%
Normal retirement age	55 years	55 years

32. OTHER FINANCIAL LIABILITIES

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Current				
Bank overdrafts	237	508	–	–
Trust receipts	571	1,216	–	–
SGD term loan at SIBOR + 1.28% p.a.	1,322	1,301	1,322	1,301
SGD term loans at SOR + 1.25% p.a.	4,500	4,500	–	–
SGD term loan at 1.75% p.a.	1,000	1,000	–	–
MYR term loan at 6.25% p.a.	743	710	–	–
MYR term loan at KLIBOR + 1.46% p.a.	486	592	–	–
MYR term loan (A) at BECOF + 1.5% p.a.	89	91	–	–
MYR term loan (B) at BECOF + 1.5% p.a.	459	–	–	–
VND term loans at BLR + 2% p.a.	704	3,055	–	–
Lease liabilities	2,123	2,798	2	1
Current, total	12,234	15,771	1,324	1,302
Non-current				
SGD term loan at SIBOR + 1.28% p.a.	14,687	16,009	14,687	16,009
SGD term loan at 1.75% p.a.	2,917	3,917	–	–
MYR term loan at 6.25% p.a.	64	818	–	–
MYR term loan (A) at BECOF + 1.5% p.a.	1,022	1,103	–	–
Lease liabilities	4,746	5,765	8	–
Non-current, total	23,436	27,612	14,695	16,009
Current and non-current, total	35,670	43,383	16,019	17,311

32. OTHER FINANCIAL LIABILITIES (CONT'D)

	Group		Company	
	2021	2020	2021	2020
The range of floating interest rates per annum paid/payable was as follows:				
Bank overdrafts	4.19% to 7.07%	4.20% to 8.07%	–	–
Trust receipts	7.07%	6.89% to 8.07%	–	–
SGD term loan at SIBOR + 1.28% p.a.	1.70% to 1.73%	1.70% to 3.06%	1.70% to 1.73%	1.70% to 3.06%
SGD term loans at SOR + 1.25% p.a.	1.41% to 1.64%	1.43% to 3.07%	–	–
MYR term loan at KLIBOR + 1.46% p.a.	3.09% to 3.43%	3.45% to 4.82%	–	–
MYR term loan (A) at BECOF + 1.5% p.a.	3.48%	3.43% to 4.81%	–	–
MYR term loan (B) at BECOF + 1.5% p.a.	3.48%	–	–	–
VND term loans at BLR + 2% p.a.	2.73% to 4.31%	4.33% to 7.56%	–	–
The range of fixed interest rates per annum paid/payable was as follows:				
SGD term loan at 1.75% p.a.	1.75%	1.75%	–	–
MYR term loan at 6.25% p.a.	6.25%	6.25%	–	–
Lease liabilities	2.63% to 8.50%	2.63% to 8.50%	3.04%	3.04%

The carrying amounts of the Group's non-current SGD term loan at SIBOR + 1.28% p.a. and MYR term loan (A) at BECOF + 1.5% p.a. are reasonable approximation of their fair values as they are floating rate instruments that are repriced to market interest rate on or near the end of the reporting year.

The fair values of the Group's non-current SGD term loan at 1.75% p.a. and MYR term loan at 6.25% p.a. are determined to be $2,993,000 (2020: $4,054,000) and $66,000 (2020: $873,000) respectively which are estimated by discounting expected future cash flows at market incremental lending rate for similar types of arrangements.

The details of the loans and borrowings are as follows:

Bank overdrafts

The bank overdraft denominated in Emirati Dirham ("AED") was fully repaid in 2021. The bank overdraft bore interest at Emirates interbank offer rate ("EIBOR") + 4.00% (2020: EIBOR + 4.00%) per annum and was secured by a corporate guarantee given by the Company and a personal guarantee given by a director of a subsidiary, Kingsmen Middle East LLC.

The bank overdrafts denominated in Malaysian Ringgit ("MYR") bear interest at bank lending rate ("BLR") + 1.5% (2020: BLR + 1.5%) per annum and are fully repayable on demand. The bank overdrafts are secured by a mortgage over freehold land and building with an aggregate net carrying amount of $1,591,000 (2020: $Nil), corporate guarantees given by the Company and a subsidiary, Kingsmen Sdn Bhd, personal guarantees given by certain directors of subsidiaries, Kingsmen Projects Sdn Bhd and Kingsmen Exhibits Sdn Bhd and short-term deposits of $162,000 (2020: $234,000).

32. OTHER FINANCIAL LIABILITIES (CONT'D)

Trust receipts

The trust receipts are denominated in MYR, bear interest at BLR + 1.25% to 1.50% (2020: BLR + 1.25% to 1.50%) per annum and are fully repayable within the next twelve months. The trust receipts are secured by a mortgage over freehold land and building with an aggregate net carrying amount of $1,591,000 (2020: $1,635,000), corporate guarantees given by the Company and a subsidiary, Kingsmen Sdn Bhd and personal guarantees given by certain directors of a subsidiary, Kingsmen Projects Sdn Bhd.

SGD term loan at SIBOR + 1.28% p.a.

The SGD term loan at SIBOR + 1.28% p.a. is denominated in SGD, bears interest at Singapore interbank offer rate ("SIBOR") + 1.28% (2020: SIBOR + 1.28%) per annum and is fully repayable by 2032. The loan is secured by a mortgage over land use right and building with an aggregate net carrying amount of $25,531,000 (2020: $26,601,000) and an assignment of all rights, title and interests in the construction contract, insurance policies, performance bonds and tenancy agreements in respect of the building.

SGD term loans at SOR + 1.25% p.a.

The SGD term loans at SOR + 1.25% p.a. are denominated in SGD, bear interest at SWAP offer rate ("SOR") + 1.25% (2020: SOR + 1.25%) per annum and are fully repayable in 2022. The loans are secured by corporate guarantees given by the Company.

SGD term loan at 1.75% p.a.

The SGD term loan at 1.75% p.a. is denominated in SGD, bears interest at 1.75% (2020: 1.75%) per annum and is fully repayable by 2025. The loan is secured by a corporate guarantee given by the Company.

MYR term loan at 6.25% p.a.

The MYR term loan at 6.25% p.a. is denominated in MYR, bears interest at 6.25% (2020: 6.25%) per annum and is fully repayable by 2023. The loan is secured by a mortgage over freehold land and building with an aggregate net carrying amount of $10,833,000 (2020: $11,132,000), a corporate guarantee given by the Company and short-term deposits of $235,000 (2020: $235,000).

MYR term loan at KLIBOR + 1.46% p.a.

The MYR term loan at KLIBOR + 1.46% p.a. is denominated in MYR, bears interest at Kuala Lumpur interbank offer rate ("KLIBOR") + 1.46% (2020: KLIBOR + 1.46%) per annum and is fully repayable in 2022. The loan is secured by a mortgage over freehold land and building with an aggregate net carrying amount of $10,833,000 (2020: $11,132,000), a corporate guarantee given by the Company and short-term deposits of $235,000 (2020: $235,000).

32. OTHER FINANCIAL LIABILITIES (CONT'D)

MYR term loan (A) at BECOF + 1.5% p.a.

The MYR term loan (A) at BECOF + 1.5% p.a. is denominated in MYR, bears interest at bank effective cost of funds ("BECOF") + 1.5% (2020: BECOF + 1.5%) per annum and is fully repayable by 2031. The loan is secured by a mortgage over freehold land and building with an aggregate net carrying amount of $1,591,000 (2020: $1,635,000), corporate guarantees given by the Company and a subsidiary, Kingsmen Sdn Bhd and personal guarantees given by certain directors of a subsidiary, Kingsmen Projects Sdn Bhd.

MYR term loan (B) at BECOF + 1.5% p.a.

The MYR term loan (B) at BECOF + 1.5% p.a. is denominated in MYR, bears interest at BECOF + 1.5% (2020: Nil%) per annum and is fully repayable in 2022. The loan is secured by a mortgage over freehold land and building with an aggregate net carrying amount of $1,591,000 (2020: $Nil), corporate guarantees given by the Company and a subsidiary, Kingsmen Sdn Bhd, personal guarantees given by certain directors of a subsidiary, Kingsmen Exhibits Sdn Bhd and short-term deposits of $162,000 (2020: $Nil).

VND term loans at BLR + 2% p.a.

The Vietnam Dong ("VND") term loans at BLR + 2% p.a. are denominated in VND, bear interest at BLR + 2% (2020: BLR + 2%) per annum and are fully repayable in 2022. The loans are secured by corporate guarantees given by the Company.

Lease liabilities

The Group has entered into lease agreements, in which it is the lessee, for production, office, retail, storage and dormitory facilities, office equipment and motor vehicles. These leases, of which some are cancellable, have lease terms of between 11 to 84 (2020: 6 to 84) months. Some of these leases have renewal options, escalation clauses and/or purchase options included in the contracts and provide for contingent rent based on a percentage of revenue in excess of the base rent. There are no restrictions placed upon the Group by entering into these leases. The Group's obligations to the lease payments for the motor vehicles are secured by way of legal mortgages on the underlying lease assets with an aggregate net carrying amount of $30,000 (2020: $90,000) (Note 22).

The maturity analysis of the lease payments (fixed portion) payable under these leases at the end of the reporting year is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Maturity analysis				
Year 1	2,326	3,045	3	1
Year 2 to 5	4,986	6,102	9	–
	7,312	9,147	12	1
Less: Finance charges	(443)	(584)	(2)	– *
	6,869	8,563	10	1

* Amount less than $1,000

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Analysed as				
Current	2,123	2,798	2	1
Non-current	4,746	5,765	8	–
	6,869	8,563	10	1

32 OTHER FINANCIAL LIABILITIES (CONT'D)

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

			Group					
			Non-cash changes					
	2020	Cash flows	Acquisitions	Lease modification	Interest expense	Foreign exchange movements	Others	2021
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Loans and borrowings								
– current	12,465	(5,742)	–	–	–	(1)	3,152	9,874
– non-current	21,847	–	–	–	–	(5)	(3,152)	18,690
Lease liabilities								
– current	2,798	(3,420)	542	(29)	277	13	1,942	2,123
– non-current	5,765	–	962	(66)	–	27	(1,942)	4,746
	42,875	(9,162)	1,504	(95)	277	34	–	35,433

			Non-cash changes				
	2019	Cash flows	Acquisitions	Interest expense	Foreign exchange movements	Others	2020
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Loans and borrowings							
– current	13,088	(2,816)	–	–	(15)	2,208	12,465
– non-current	20,077	4,000	–	–	(22)	(2,208)	21,847
Lease liabilities							
– current	2,579	(3,599)	866	330	9	2,613	2,798
– non-current	7,305	–	1,049	–	24	(2,613)	5,765
	43,049	(2,415)	1,915	330	(4)	–	42,875

The "others" column relates to reclassification of non-current portion of loans and borrowings and lease liabilities due to passage of time.

33. OTHER LIABILITIES

	Group		Company	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Deferred income	4,532	2,833	59	45

34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS

Classification of financial assets and liabilities

The carrying amounts of financial assets and liabilities recorded at the end of the reporting year are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Financial assets				
Debt instruments at amortised cost				
– Trade and other receivables	74,300	80,993	1,376	1,929
– Cash and cash equivalents	81,534	80,273	7,365	7,797
Equity instruments at fair value through other comprehensive income				
– Quoted equity shares and warrants	3,205	823	3,205	823
– Unquoted equity shares	38	38	38	38
At end of the year	159,077	162,127	11,984	10,587
Financial liabilities				
Financial liabilities at amortised cost				
– Trade and other payables	92,772	103,675	2,545	2,104
– Other financial liabilities	35,670	43,383	16,019	17,311
At end of the year	128,442	147,058	18,564	19,415

Further quantitative disclosures are included throughout these financial statements.

Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value are disclosed in the relevant notes to the financial statements, where required. These include both the financial instruments stated at amortised cost and at fair value in the statements of financial position. The carrying amounts of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amounts of current financial instruments are reasonable approximation of their fair values. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year.

Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the Group's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate risk, foreign currency risk and equity price risk. Management has certain practices for the management of these financial risks. All financial risk management activities are carried out based on good market practices and are monitored by management staff. The Group's overall financial risk management strategy seeks to minimise the potential material adverse effects from these financial risk exposures. The information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing these risks are presented below. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures these risks.

34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Financial risk management (cont'd)

Credit risk on financial assets and contract assets

Credit risk is the risk of financial loss to the Group if a counterparty fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents, trade and other receivables, other investments and contract assets. As the Group does not hold collateral, the maximum exposure to credit risk is the total of the fair values of the financial assets and contract assets.

To the extent that it is feasible, the Group assesses credit risk on assets on an individual basis. In cases where that process is not feasible, a collective assessment is performed. The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. The Group considers an asset to be in default when the counterparty is unlikely to pay its credit obligations to the Group in full, without recourse actions by the Group, if any. To assess whether there is a significant increase in credit risk, the Group compares the risk of default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information which includes internal credit rating, external credit rating, actual or expected significant changes in the operating results, actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the ability to meet obligations and significant increases in credit risk on other financial instruments of the counterparty. The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk of an asset has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Credit risk on cash balances with banks and financial institutions, other receivables and other investments is limited because the counterparties are entities with acceptable credit ratings. Note 28 discloses the maturity of the cash and cash equivalents balances. Other receivables are normally with no fixed terms and therefore there is no maturity. Note 21 discloses the maturity of the other investments balances.

For credit risk on trade receivables and contract assets, an ongoing credit evaluation is performed on the financial condition of the debtors and an allowance for expected credit losses is recognised in profit or loss where necessary. The Group's exposure to credit risk on trade receivables and contract assets is controlled by setting limits on the exposure to individual customers and these are disseminated to the relevant persons concerned and compliance is monitored by management. As part of the process of setting customer credit limits, different credit terms are used. The credit period granted to customers is generally between 60 to 90 (2020: 60 to 90) days.

34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Financial risk management (cont'd)

Credit risk on financial assets and contract assets (cont'd)

There is no significant concentration of credit risk on trade receivables as the exposure is spread over a large number of customers. As at the end of the reporting year, approximately 15% (2020: 18%) and 73% (2020: 65%) of the Group and the Company's trade receivables are due from three customers as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Top no. 1 customer	5,695	6,129	774	772
Top no. 2 customer	2,634	4,106	148	153
Top no. 3 customer	2,127	3,166	127	148

Ageing analysis of trade receivables that are past due as at the end of the reporting year but not impaired is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Past due less than 30 days	1,061	4,860	–	–
Past due 31 to 60 days	737	2,230	–	–
Past due 61 to 90 days	1,141	1,798	200	370
Past due over 90 days	13,786	12,440	50	103
	16,725	21,328	250	473

Ageing analysis of trade receivables as at the end of the reporting year that are impaired is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Past due over 90 days	6,935	6,442	774	772

34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Financial risk management (cont'd)

Liquidity risk – financial liabilities maturity analysis

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the Group's reputation.

The following tables analyse the financial liabilities by remaining contractual maturity (contractual and undiscounted cash flows) at the end of the reporting year:

	Due less than 1 year $'000	Due within 2 – 5 years $'000	Due after 5 years $'000	Total $'000
Group				
2021				
Trade and other payables	91,638	1,134	–	92,772
Other financial liabilities	12,935	14,951	10,265	38,151
At end of the year	104,573	16,085	10,265	130,923
2020				
Trade and other payables	102,629	1,046	–	103,675
Other financial liabilities	16,708	18,482	11,294	46,484
At end of the year	119,337	19,528	11,294	150,159
Company				
2021				
Trade and other payables	2,545	–	–	2,545
Other financial liabilities	1,588	6,353	9,661	17,602
At end of the year	4,133	6,353	9,661	20,147
2020				
Trade and other payables	2,104	–	–	2,104
Other financial liabilities	1,587	6,919	10,506	19,012
At end of the year	3,691	6,919	10,506	21,116

The undiscounted amounts on the other financial liabilities with fixed and floating interest rates are determined by reference to the conditions existing at the end of the reporting year.

It is expected that all the liabilities will be settled at their contractual maturity. The credit period taken to settle trade payables is generally between 30 to 90 (2020: 30 to 90) days. Other payables are normally with no fixed terms and therefore there is no maturity. In order to meet such cash commitments, the operating activities are expected to generate sufficient cash inflows.

34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Financial risk management (cont'd)

Liquidity risk – financial liabilities maturity analysis (cont'd)

The following tables analyse the financial guarantee contracts based on the earliest dates in which the maximum guaranteed amount could be drawn upon:

	Group and Company			
	Due less than 1 year	**Due within 2 – 5 years**	**Due after 5 years**	**Total**
	$'000	$'000	$'000	$'000
2021				
Financial guarantee contracts	23,044	12,317	632	35,993
2020				
Financial guarantee contracts	26,384	11,843	698	38,925

As at the end of the reporting year, no claims on the financial guarantee contracts are expected.

Interest rate risk

The Group's exposure to interest rate risk relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The interest rate risk exposure is from changes in fixed and floating interest rates. The breakdown of the significant financial instruments by type of interest rate is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Financial assets				
Fixed rate	27,430	24,007	6,405	5,757
Floating rate	43,423	47,613	930	2,107
	70,853	71,620	7,335	7,864
Financial liabilities				
Fixed rate	11,593	15,008	10	1
Floating rate	24,077	28,375	16,009	17,310
	35,670	43,383	16,019	17,311

34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Financial risk management (cont'd)

Interest rate risk (cont'd)

Sensitivity analysis

For the floating rate financial assets and liabilities, a hypothetical increase of 100 (2020: 100) basis points in interest rate at the end of the reporting year would increase/(decrease) pre-tax profit for the reporting year by the amounts shown below. A decrease of 100 (2020: 100) basis points in interest rate would have an equal but opposite effect. This analysis assumes all other variables remain constant.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Pre-tax profit for the reporting year	193	192	(151)	(152)

The hypothetical change in basis point is not based on observable market data (unobservable inputs).

Foreign currency risk

The Group has exposure to foreign currency movements on financial assets and financial liabilities denominated in foreign currencies. It also has exposure on sales and purchases that are denominated in foreign currencies. The currencies giving rise to the foreign currency risk are primarily the SGD, United States Dollar ("USD"), Hong Kong Dollar ("HKD"), Thai Baht ("THB") and China Renminbi ("RMB"). The Group hedges its foreign currency exposure should the need arise through the use of forward foreign currency contracts.

34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Financial risk management (cont'd)

Foreign currency risk (cont'd)

Other than as disclosed elsewhere in the financial statements, the Group's exposures to foreign currencies are as follows:

Group	SGD $'000	USD $'000	HKD $'000	THB $'000	RMB $'000	Others $'000	Total $'000
2021							
Financial assets							
Trade and other receivables	72	1,323	–	–	–	782	2,177
Cash and cash equivalents	1,521	5,504	630	–	1,170	171	8,996
Quoted equity shares and warrants	–	–	–	3,205	–	–	3,205
Unquoted equity shares	–	–	–	–	–	38	38
Total financial assets	1,593	6,827	630	3,205	1,170	991	14,416
Financial liabilities							
Trade and other payables	13	2,426	–	–	130	13	2,582
Other financial liabilities	–	–	–	–	–	–	–
Total financial liabilities	13	2,426	–	–	130	13	2,582
Net financial assets	1,580	4,401	630	3,205	1,040	978	11,834
2020							
Financial assets							
Trade and other receivables	–	4,181	3,066	–	431	274	7,952
Cash and cash equivalents	1,473	7,230	1,304	–	1,598	201	11,806
Quoted equity shares	–	–	–	823	–	–	823
Unquoted equity shares	–	–	–	–	–	38	38
Total financial assets	1,473	11,411	4,370	823	2,029	513	20,619
Financial liabilities							
Trade and other payables	74	938	398	–	–	97	1,507
Other financial liabilities	–	–	–	–	–	–	–
Total financial liabilities	74	938	398	–	–	97	1,507
Net financial assets	1,399	10,473	3,972	823	2,029	416	19,112

34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Financial risk management (cont'd)

Foreign currency risk (cont'd)

Company	**USD** $'000	**THB** $'000	**Others** $'000	**Total** $'000
2021				
Financial assets				
Trade and other receivables	–	–	–	–
Cash and cash equivalents	14	–	–	14
Quoted equity shares and warrants	–	3,205	–	3,205
Unquoted equity shares	–	–	38	38
Total financial assets	14	3,205	38	3,257
Financial liabilities				
Trade and other payables	–	–	–	–
Other financial liabilities	–	–	–	–
Total financial liabilities	–	–	–	–
Net financial assets	14	3,205	38	3,257
2020				
Financial assets				
Trade and other receivables	–	–	22	22
Cash and cash equivalents	20	–	–	20
Quoted equity shares	–	823	–	823
Unquoted equity shares	–	–	38	38
Total financial assets	20	823	60	903
Financial liabilities				
Trade and other payables	–	–	–	–
Other financial liabilities	–	–	–	–
Total financial liabilities	–	–	–	–
Net financial assets	20	823	60	903

34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Financial risk management (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis

A hypothetical 3% (2020: 3%) strengthening of the above currencies against the functional currency of the respective entities of the Group at the end of the reporting year would increase pre-tax profit for the reporting year by the amounts shown below. A 3% (2020: 3%) weakening of the above currencies against the functional currency of the respective entities of the Group would have an equal but opposite effect. This analysis assumes all other variables remain constant.

	2021 $'000	2020 $'000
Group		
SGD	48	42
USD	132	314
HKD	19	119
THB	96	24
RMB	31	61
Others	29	13
	355	573
Company		
USD	1	1
THB	96	24
Others	1	2
	98	27

The hypothetical sensitivity rate used in the above table is the reasonably possible change in foreign exchange rates.

Equity price risk

The Group is exposed to equity price risk arising from its investment in quoted equity shares and warrants of Kingsmen C.M.T.I. Public Company Limited of $3,205,000 (2020: $823,000) at the end of the reporting year. The investment in quoted equity shares and warrants are classified as equity instruments at fair value through other comprehensive income as disclosed in Note 21. The quoted equity shares and warrants are traded on the Market for Alternative Investment of the Stock Exchange of Thailand.

34. FINANCIAL INSTRUMENTS: INFORMATION ON FINANCIAL RISKS (CONT'D)

Financial risk management (cont'd)

Equity price risk (cont'd)

Sensitivity analysis

A hypothetical 5% (2020: 5%) increase in the equity price for the quoted equity shares and warrants at the end of the reporting year would increase other comprehensive income for the reporting year by the amounts shown below. A 5% (2020: 5%) decrease in the equity price for the quoted equity shares and warrants would have an equal but opposite effect. This analysis assumes all other variables remain constant.

	Group and Company	
	2021	**2020**
	$'000	$'000
Other comprehensive income for the reporting year	160	41

The hypothetical sensitivity rate used in the above table is the reasonably possible change in equity price.

35. OPERATING LEASE INCOME COMMITMENTS – AS LESSOR

The Group has entered into operating lease agreements, in which it is the lessor, for office, production and storage facilities and machinery. These non-cancellable leases have remaining lease terms of between 1 to 3 (2020: 1 to 3) years. Some of these leases have renewal options and/or escalation clauses included in the contracts.

The maturity analysis of the lease payments (fixed portion) receivable under these leases at the end of the reporting year is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	$'000	$'000	$'000	$'000
Maturity analysis				
Year 1	1,073	960	2,797	2,600
Year 2	722	341	2,650	223
Year 3	135	127	2,191	127
	1,930	1,428	7,638	2,950

36. CONTINGENT LIABILITIES

The Group has provided corporate guarantees to banks amounting to $35,993,000 (2020: $38,925,000) in connection with banking facilities granted to its subsidiaries.

37. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous reporting year except that in the current reporting year, the Group has adopted all the new and revised SFRS(I) that are effective for annual periods beginning on or after 1 January 2021. The adoption of these SFRS(I) did not result in any substantial change to the Group's accounting policies and has no significant impact on the financial statements for the current reporting year.

In May 2020, the Singapore Accounting Standards Council issued Amendment to SFRS(I) 16 COVID-19-Related Rent Concessions that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to SFRS(I) 16 Leases. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying SFRS(I) 16 Leases if the change was not a lease modification. The Amendment to SFRS(I) 16 COVID-19-Related Rent Concessions was effective for annual periods beginning on or after 1 June 2020 and the Group has applied the amendment in advance of its effective date of 1 June 2020 for the previous reporting year.

In March 2021, the Singapore Accounting Standards Council issued Amendment to SFRS(I) 16 COVID-19-Related Rent Concessions beyond 30 June 2021 that extends the availability of the practical expedient above so that it applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The Group has applied Amendment to SFRS(I) 16 COVID-19-Related Rent Concessions beyond 30 June 2021 in advance of its effective date of 1 April 2021 for the current reporting year. The Group has benefited from a reduction in lease payments of $376,000 for the current reporting year which has been accounted for as grants, subsidies and rebates under other income in profit or loss. The Group has derecognised the part of the lease liabilities that has been extinguished by the forgiveness of lease payments, consistent with the requirements of SFRS(I) 9 Financial Instruments.

38. NEW AND REVISED STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

For the future reporting periods, new and revised SFRS(I) applicable to the Group were issued by the Singapore Accounting Standards Council as below and these will only be effective for future reporting periods. The Group expects that the adoption of the new and revised SFRS(I) will have no material impact on the financial statements in the period of initial application.

SFRS(I) No.	Title	Effective date for periods beginning on or after
Various	Annual Improvements to SFRS(I) 2018 – 2020	1 January 2022
SFRS(I) 3	Amendments to SFRS(I) 3: Reference to the Conceptual Framework	1 January 2022
SFRS(I) 1-16	Amendments to SFRS(I) 1-16: Property, Plant and Equipment – Proceeds Before Intended Use	1 January 2022
SFRS(I) 1-37	Amendments to SFRS(I) 1-37: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Various	Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies	1 January 2023
SFRS(I) 1-1	Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current	1 January 2023
SFRS(I) 1-8	Amendments to SFRS(I) 1-8: Definition of Accounting Estimates	1 January 2023
SFRS(I) 1-12	Amendments to SFRS(I) 1-12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
SFRS(I) 10 and SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

39. EVENT AFTER THE END OF THE REPORTING YEAR

Subsequent to the end of the reporting year, the Company's indirectly wholly-owned subsidiary, Kingsmen Environmental Graphics Pte Ltd, was struck off from the Register of Companies on 7 February 2022 pursuant to section 344A of the Companies Act 1967 (Singapore).

40. COVID-19 PANDEMIC

The COVID-19 pandemic and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to the global economy and led to a decline in business activities. The Group operates in the various countries affected by the pandemic and its business operations have been negatively affected. As the situation is still evolving, it is currently not possible to ascertain the full financial impact of the pandemic on the financial performance of the Group at this juncture.

MAJOR PROPERTIES

Description	Location	Land / Built-in Area (sq ft)	Tenure / Expiry
Classified as land use right and property, plant and equipment			
Office, production and storage facilities	Lot 2592 Jalan Perindustrian 3 Kawasan Perindustrian Senai 2 81400 Senai Johor Darul Takzim Malaysia	399,384 (Land) 155,496 (Built-in)	Freehold
Office facilities	22 Changi Business Park Central 2 The Kingsmen Experience Singapore 486032	56,521 (Land) 141,306 (Built-in)	30 years, expiring on 30 November 2045
Awaiting construction [1]	Row 7, Hanxu Village Chengdong Town, Hai'an County Nantong City, Jiangsu Province People's Republic of China	304,780 (Land) (No built-in)	50 years, expiring on 9 November 2069
Classified as investment property			
Office, production and storage facilities	No. 5 Jalan 6/2B Taman Industri Selesa Jaya 43300 Seri Kembangan Selangor Darul Ehsan Malaysia	38,813 (Land) 19,824 (Built-in)	Freehold

Note:

(1) This piece of land is scheduled for the construction of office, production and storage facilities. It is in the preliminary phase of design and preparation for construction.

STATISTICS OF SHAREHOLDINGS

As at 14 March 2022

Number of issued shares	:	201,948,299
Class of shares	:	Ordinary share
Voting rights	:	One vote per ordinary share

TREASURY SHARES AND SUBSIDIARY HOLDINGS

The Company does not hold any treasury shares and does not have subsidiary holdings.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	Number of Shareholders	%	Number of Shares	%
1 – 99	4	0.26	120	0.00
100 – 1,000	133	8.59	85,180	0.04
1,001 – 10,000	681	43.99	3,934,790	1.95
10,001 – 1,000,000	711	45.93	40,481,028	20.05
1,000,001 and above	19	1.23	157,447,181	77.96
Total	1,548	100.00	201,948,299	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	ISLANDA PTE. LTD.	38,493,060	19.06
2.	O-VEST PTE. LTD.	37,993,060	18.81
3.	DBS NOMINEES (PRIVATE) LIMITED	15,023,899	7.44
4.	CITIBANK NOMINEES SINGAPORE PTE LTD	11,439,866	5.67
5.	SIMON ONG CHIN SIM	8,840,830	4.38
6.	SOH SIAK POH BENEDICT	8,540,849	4.23
7.	PEOK CHONG ENG	4,222,479	2.09
8.	CHONG SIEW LING	4,150,531	2.06
9.	PHILLIP SECURITIES PTE LTD	4,111,400	2.04
10.	CHONG FOOK SENG PATRICK	4,014,000	1.99
11.	ONG CHIN KWAN	3,622,650	1.79
12.	IFAST FINANCIAL PTE. LTD.	2,547,649	1.26
13.	JONATHAN CHADWICK	2,400,000	1.19
14.	TAN AI LIN	2,245,573	1.11
15.	CHEONG CHAI KENG	2,201,138	1.09
16.	LIM HOCK CHYE STEPHEN	2,186,003	1.08
17.	RAFFLES NOMINEES (PTE) LIMITED	1,906,800	0.94
18.	ABN AMRO CLEARING BANK N.V.	1,842,434	0.91
19.	CHENG OON TECK	1,664,960	0.82
20.	NG KWONG CHONG OR LIU OI FUI IVY	939,500	0.47
	Total	158,386,681	78.43

STATISTICS OF SHAREHOLDINGS

As at 14 March 2022

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct Interest Number of Shares	%	Deemed Interest Number of Shares	%
Soh Siak Poh Benedict [(1)]	8,540,849	4.23	38,493,060	19.06
Simon Ong Chin Sim [(2)]	8,840,830	4.38	37,993,060	18.81
Islanda Pte. Ltd.	38,493,060	19.06	–	–
O-Vest Pte. Ltd.	37,993,060	18.81	–	–
Png Geok Choo Rose [(1)]	–	–	38,493,060	19.06
Soh E-Ling Marianne [(1)]	–	–	38,493,060	19.06
Soh Hsien Wern Gavin [(1)]	–	–	38,493,060	19.06
Jillian Soh E-Ping [(1)]	–	–	38,493,060	19.06
Vera Ong Lim Guek Noi [(2)]	–	–	37,993,060	18.81
Ong Mei Lin Elita [(2)]	–	–	37,993,060	18.81

Notes:

(1) Mr Soh Siak Poh Benedict's, Mdm Png Geok Choo Rose's, Ms Soh E-Ling Marianne's, Mr Soh Hsien Wern Gavin's and Ms Jillian Soh E-Ping's deemed interest refers to the 38,493,060 shares held by Islanda Pte. Ltd. by virtue of Section 7 of the Companies Act 1967 (Singapore).

(2) Mr Simon Ong Chin Sim's, Mdm Vera Ong Lim Guek Noi's and Ms Ong Mei Lin Elita's deemed interest refers to the 37,993,060 shares held by O-Vest Pte. Ltd. by virtue of Section 7 of the Companies Act 1967 (Singapore).

PERCENTAGE OF SHAREHOLDING HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 14 March 2022, approximately 44.49% of the issued ordinary shares (excluding treasury shares and subsidiary holdings) of the Company are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of Kingsmen Creatives Ltd. (the "**Company**") will be held by way of electronic means on Thursday, 28 April 2022 at 10.00 a.m. (the "**AGM**") for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Auditors' Report thereon. **(Resolution 1)**

2. To re-elect the following Directors of the Company retiring pursuant to Regulation 89 of the Constitution of the Company:

   Mr. Soh Siak Poh Benedict *[See Explanatory Note (i)]* **(Resolution 2)**
   Mr. Chong Siew Ling *[See Explanatory Note (ii)]* **(Resolution 3)**

3. To re-elect the following Director of the Company retiring pursuant to Regulation 88 of the Constitution of the Company:

   Mr. Loh Eu Tse Derek *[See Explanatory Note (iii)]* **(Resolution 4)**

4. To approve the payment of Directors' fees of S$263,603 for the financial year ended 31 December 2021 (2020: S$205,750). **(Resolution 5)**

5. To re-appoint RSM Chio Lim LLP as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an 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:

7. **Authority to allot and issue shares in the capital of the Company - Share Issue Mandate**

   "That, pursuant to Section 161 of the Companies Act 1967 (Singapore) (the "**Companies Act**") and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

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

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

(1) the aggregate number of Shares (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) and convertible securities to be issued pursuant to this Resolution shall 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 (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares and convertible securities to be issued other than on a pro-rata basis to the shareholders 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 (as 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 Shares and convertible securities that may be issued under sub-paragraph (1) above, the 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:

    (a) new Shares arising from the conversion or exercise of convertible securities which were issued and outstanding or subsisting at the time of the passing of this Resolution;

    (b) new Shares arising from exercising share options or vesting of share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution, provided the options or awards were granted in compliance with the rules of the Listing Manual of the SGX-ST; and

    (c) any subsequent bonus issue, consolidation or subdivision of Shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST as amended from time to time (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority 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 (iv)] **(Resolution 7)**

8. **Continued appointment of Mr. Tan Cher Liang as an Independent Director of the Company in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST**

"That, subject to and contingent upon the passing of Resolution 9, (a) the continued appointment of Mr. Tan Cher Liang as an Independent Director of the Company by all shareholders in accordance with Rule 210(5)(d)(iii)(A) of the Listing Manual of the SGX-ST be and is hereby approved; and (b) such approval shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr. Tan Cher Liang as a Director of the Company; or (ii) the conclusion of the third annual general meeting of the Company following the passing of this Resolution."

[See Explanatory Note (v)] **(Resolution 8)**

9. **Continued appointment of Mr. Tan Cher Liang as an Independent Director of the Company in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST**

"That, subject to and contingent upon the passing of Resolution 8, (a) the continued appointment of Mr. Tan Cher Liang as an Independent Director of the Company by shareholders, excluding the Directors and the Chief Executive Officer of the Company, and their respective associates (as defined in the Listing Manual of the SGX-ST) in accordance with Rule 210(5)(d)(iii)(B) of the Listing Manual of the SGX-ST be and is hereby approved; and (b) such approval shall continue in force until the earlier of the following: (i) the retirement or resignation of Mr. Tan Cher Liang as a Director of the Company; or (ii) the conclusion of the third annual general meeting of the Company following the passing of this Resolution."

[See Explanatory Note (v)] **(Resolution 9)**

10. **Proposed renewal of the Share Purchase Mandate**

"That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary Shares in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the SGX-ST transacted through the Central Limit Order Book (CLOB) trading system, through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be determined or formulated by the Directors of the Company as they consider fit, such scheme shall satisfy all the conditions prescribed by the Companies Act,

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

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

(i) the date on which the next annual general meeting of the Company is held or is required by law to be held;

(ii) the date on which Share purchases or acquisitions have been carried out to the full extent permitted under the Share Purchase Mandate; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;

(c) in this Resolution:

"**Prescribed Limit**" means ten per cent. (10%) of the issued ordinary Shares (excluding treasury shares and subsidiary holdings) of the Company as at the date of the passing of this Resolution; and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means an amount (excluding brokerage, trading fee, clearing fee, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105 per cent. (105%) of the Average Closing Price (as hereafter defined); and

(ii) in the case of an Off-Market Purchase: 120 per cent. (120%) of the Highest Last Dealt Price (as hereafter defined),

where:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded, immediately preceding the date of the Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the date of the Market Purchase;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the market day on which transactions in the Shares were recorded, immediately preceding the date of the making of the offer (as hereafter defined) for an Off-Market Purchase; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase or acquisition price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d) the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution."

[See Explanatory Note (vi)] **(Resolution 10)**

By Order of the Board of Directors of the Company

Chee Yuen Li, Andrea
Tan Yong Kwang
Joint Company Secretaries

Singapore
6 April 2022

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Detailed information on Mr. Soh Siak Poh Benedict can be found in the Company's Annual Report. Mr. Soh Siak Poh Benedict, if re-elected as a Director of the Company, will remain as Executive Chairman of the Company.

(ii) Detailed information on Mr. Chong Siew Ling can be found in the Company's Annual Report. Mr. Chong Siew Ling, if re-elected as a Director of the Company, will remain as Group Managing Director, Exhibitions & Thematic and Executive Director of the Company.

(iii) Detailed information on Mr. Loh Eu Tse Derek can be found in the Company's Annual Report. Mr. Loh Eu Tse Derek, if re-elected as a Director of the Company, will remain as an Independent Director of the Company and continue to serve as the Chairman of the Nominating Committee and as a Member of the Audit Committee and Remuneration Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(iv) The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the Directors of the Company to issue Shares, make or grant instruments convertible into Shares and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, fifty per cent. (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to twenty per cent. (20%) may be issued other than on a pro-rata basis to the shareholders of the Company.

For determining the aggregate number of Shares and convertible securities that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are issued and outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

(v) The Ordinary Resolutions 8 and 9 proposed in items 8 and 9 above respectively are to approve the continued appointment of Mr. Tan Cher Liang as an Independent Director of the Company. Detailed information on Mr. Tan Cher Liang can be found in the Company's Annual Report. Mr. Tan Cher Liang was appointed to the Board of Directors of the Company as an Independent Director on 30 April 2013, and was last re-elected as a Director of the Company in accordance with Regulation 89 of the Constitution of the Company at the Eighteenth Annual General Meeting of the Company held on 29 April 2021. Mr. Tan Cher Liang will have served more than nine (9) years as a Director of the Company as of and from 30 April 2022. Accordingly, the Company is seeking the requisite approval from shareholders in accordance with Rules 210(5)(d)(iii)(A) and (B) of the Listing Manual of the SGX-ST for Mr. Tan Cher Liang's continued appointment as an Independent Director of the Company.

Under Rule 210(5)(d)(iii) of the Listing Manual of the SGX-ST (which took effect from 1 January 2022), a director of a company will not be independent if he/she has been a director of the company for an aggregate period of more than nine (9) years and his/her continued appointment as an independent director of the company has not been sought and approved in separate resolutions by (i) all shareholders; and (ii) shareholders, excluding the directors and the chief executive officer of the company, and their respective associates (as defined in the Listing Manual of the SGX-ST). Such approval shall continue in force until the earlier of the following: (i) the retirement or resignation of the director as a director of the company; or (ii) the conclusion of the third annual general meeting of the company following the passing of the resolutions.

If Ordinary Resolutions 8 and 9 are carried, Mr. Tan Cher Liang will remain as an Independent Director of the Company until the earlier of his retirement or resignation as a Director of the Company or until the conclusion of the third annual general meeting of the Company following the passing of these resolutions. Mr. Tan Cher Liang will continue to serve as the Chairman of the Audit Committee and as a Member of the Nominating Committee and Remuneration Committee. He will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

If Ordinary Resolution 8 and/or Ordinary Resolution 9 is/are not carried, Mr. Tan Cher Liang will be re-designated as a Non-Executive and Non-Independent Director of the Company as of and from 30 April 2022. Rule 210(5)(c) of the Listing Manual of the SGX-ST (which took effect from 1 January 2022) provides that independent directors of a company must comprise at least one-third of the board of directors of the company. As such, if Mr. Tan Cher Liang is to be re-designated as a Non-Executive and Non-Independent Director, the Company will take the appropriate steps thereafter to appoint new independent director(s) in compliance with Rule 210(5)(c) of the Listing Manual of the SGX-ST.

(vi) The Ordinary Resolution 10 proposed in item 10 above, if passed, will empower the Directors of the Company to purchase or otherwise acquire Shares by way of Market Purchases and/or Off-Market Purchases, provided that the aggregate number of Shares to be purchased or acquired under the Share Purchase Mandate does not exceed the Prescribed Limit, and at such price or prices as may be determined by the Directors of the Company from time to time up to the Maximum Price. The information relating to this proposed Ordinary Resolution is set out in the Circular to Shareholders in relation to the Proposed Renewal of the Share Purchase Mandate enclosed together with the Company's Annual Report.

Notes on the alternative arrangements for the AGM:

General

1. In view of the safe distancing regulations to hold physical meetings and as part of its efforts to minimise physical interactions and COVID-19 transmission risks, the Company will be conducting its AGM by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.

2. Documents relating to the business of the AGM, which comprise the Annual Report of the Company for the financial year ended 31 December 2021 (the "**Annual Report**"), the Notice of AGM, the accompanying Proxy Form for the AGM (the "**Proxy Form**") and the Circular to Shareholders in relation to the Proposed Renewal of the Share Purchase Mandate (the "**Circular**"), will be published on SGXNET and the Company's website at the following link: http://kingsmen.listedcompany.com/#agm. Printed copies of the Annual Report, Notice of AGM, Proxy Form and Circular will **NOT** be mailed to the shareholders of the Company ("**Shareholders**").

Participation in the AGM via live webcast or live audio feed

3. As the AGM will be held by way of electronic means, Shareholders will **NOT** be able to attend the AGM in person. All Shareholders or their corporate representatives (in the case of Shareholders which are legal entities) will be able to participate in the AGM proceedings by accessing a live webcast or live audio feed. To do so, Shareholders are required to pre-register their participation in the AGM (the "**Pre-registration**") at the following link: https://kingsmenagm.listedcompany.com/kingsmen-creatives-ltd-agm-2022/registration (the "**AGM Registration and Q&A Link**") by **10.00 a.m. on 25 April 2022** (the "**Registration Deadline**") for verification of their status as Shareholders or as corporate representatives of Shareholders.

4. Upon successful verification, each verified Shareholder or its corporate representative will receive an email by **10.00 a.m. on 27 April 2022**. The email will contain instructions to access the live webcast or live audio feed of the AGM proceedings. Shareholders or their corporate representatives must not forward the email to other persons who are not entitled to participate in the AGM proceedings. Shareholders or their corporate representatives who have pre-registered by the Registration Deadline in accordance with paragraph 3 above but did not receive an email by **10.00 a.m. on 27 April 2022** may contact the Company for assistance via telephone at +65 6880 4305 during office hours on 27 April 2022.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

Voting by proxy

5. Shareholders may only exercise their voting rights at the AGM via proxy voting (see paragraphs 6 to 8 below).

6. Shareholders who wish to vote on any or all of the resolutions at the AGM must appoint the Chairman of the AGM as their proxy to do so on their behalf. In appointing the Chairman of the AGM as proxy, Shareholders must give specific instructions as to voting, or abstention from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid.

7. The duly executed Proxy Form must be submitted in the following manner:

   (i) if submitted by post, be deposited at the registered office of the Company at 22 Changi Business Park Central 2, The Kingsmen Experience, Singapore 486032; or

   (ii) if submitted electronically, be submitted via email to proxyform@kingsmen-int.com,

   in either case, not less than **72 hours** before the time appointed for the holding of the AGM.

8. Shareholders who hold their shares through a Relevant Intermediary as defined in Section 181 of the Companies Act (including Supplementary Retirement Scheme ("**SRS**") investors, CPF Investment Scheme ("**CPFIS**") investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective Relevant Intermediaries (including their respective SRS approved banks, CPFIS agent banks or depository agents) to submit their voting instructions by **5.00 p.m. on 19 April 2022**, being seven (7) working days before the date of the AGM.

Submission of, and the Company's response to, questions prior to the AGM

9. Shareholders may submit questions related to the resolutions to be tabled for approval at the AGM by **10.00 a.m. on 18 April 2022** during the Pre-registration via the AGM Registration and Q&A Link, or by email (together with their full name (as per CDP records), identification number, and contact number (to enable the Company and/or its agents and service providers to authenticate their status as shareholders)) to the Company via RSVP@kingsmen-int.com, so that the questions may be addressed prior to the AGM proceedings. Shareholders will not be allowed to ask questions during the live webcast of the AGM.

10. The Company shall address relevant and substantial questions relating to the resolutions to be tabled for approval at the AGM and publish its responses on SGXNET and the Company's website by **10.00 a.m. on 22 April 2022**. The Company will publish the minutes of the AGM on SGXNET and the Company's website within one (1) month after the date of the AGM.

Personal data privacy:

By (a) submitting an instrument appointing the Chairman of the AGM as proxy to vote at the AGM and/or any adjournment thereof, or (b) completing the Pre-registration in accordance with this Notice of AGM, or (c) submitting any question prior to the AGM in accordance with this Notice of AGM, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the following purposes:

(i) the processing and administration by the Company (or its agents or service providers) of Proxy Forms appointing the Chairman of the AGM as proxy for the AGM (including any adjournment thereof);

(ii) the processing of the Pre-registration for purposes of granting access to Shareholders (or their corporate representatives in the case of Shareholders which are legal entities) to the live webcast or live audio feed of the AGM proceedings and providing them with any technical assistance where necessary;

(iii) addressing relevant and substantial questions from Shareholders received before the AGM and if necessary, following up with the relevant Shareholders in relation to such questions;

(iv) the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and

(v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT

Mr Soh Siak Poh Benedict, Mr Chong Siew Ling and Mr Loh Eu Tse Derek are seeking re-election, and Mr Tan Cher Liang is seeking continued appointment, as Directors at the forthcoming Nineteenth Annual General Meeting of Kingsmen Creatives Ltd. to be held on 28 April 2022 as set out in the Notice of Annual General Meeting dated 6 April 2022 (collectively, the "**Retiring Directors**").

Pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"), the information relating to the Retiring Directors required under Appendix 7.4.1 of the Listing Manual is set out below:

	Mr Soh Siak Poh Benedict	**Mr Chong Siew Ling**
Date of appointment	16 December 2002	12 August 2003
Date of last re-election	30 April 2019	30 April 2019
Age	72	61
Country of principal residence	Singapore	Singapore
The board of directors' comments on this re-election (including the rationale, selection criteria, board diversity considerations and search and nomination process)	The re-election of Mr Soh as Executive Chairman was recommended by the Nominating Committee (the "**NC**") and approved by the Board of Directors (the "**Board**"), after taking into consideration Mr Soh's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director.	The re-election of Mr Chong as Group Managing Director, Exhibitions & Thematic and Executive Director was recommended by the NC and approved by the Board, after taking into consideration Mr Chong's qualifications, expertise, past experiences and overall contribution since he was appointed as a Director.
Whether appointment is executive, and if so, the area of responsibility	Executive Mr Soh is appointed as Executive Chairman and is dedicated to honing the Group's leadership capabilities and human capital, in addition to his role in charting the Group's strategic direction and exploring new business opportunities.	Executive Mr Chong is appointed as Group Managing Director, Exhibitions & Thematic and Executive Director and drives the strategic management and day-to-day operations of the Group's Theme Parks, Museums, Exhibitions and Events businesses.
Job title	Executive Chairman	Group Managing Director, Exhibitions & Thematic and Executive Director
Professional qualifications	Master of Business Administration, University of Hull, United Kingdom	Master of Business Administration, Victoria University of Technology, Australia
Working experience and occupation(s) during the past 10 years	2002 – Present: Kingsmen Creatives Ltd., Executive Chairman (current position)	2002 – Present: Kingsmen Creatives Ltd., Group Managing Director, Exhibitions & Thematic and Executive Director (current position)
Shareholding interest in the listed issuer and its subsidiaries	Direct interest – 8,540,849 ordinary shares in Kingsmen Creatives Ltd. Deemed interest – 38,493,060 ordinary shares in Kingsmen Creatives Ltd.	Direct interest – 4,150,531 ordinary shares in Kingsmen Creatives Ltd.
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT

	Mr Soh Siak Poh Benedict	Mr Chong Siew Ling
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments including directorships* * "Principal commitments" has the same meaning as defined in the Code of Corporate Governance 2018 – "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.	**Past (for the last 5 years)** Directorship: None **Present** Directorships: • Kingsmen Exhibits Pte Ltd • Kingsmen Projects Pte Ltd • Kingsmen Design Pte Ltd • Kingsmen Ooh-media Pte Ltd • I-Promo Pte Ltd • Hi-Light Electrical Pte Ltd • Thinkfarm Pte Ltd • Kingsmen Ventures Pte Ltd • K-Fix Holdings Pte Ltd • Kingsmen Indochina Pte Ltd • Kingsmen (North Asia) Limited • Kingsmen Hong Kong Limited • Kingsmen Vietnam Co Ltd • Kingsmen Sdn Bhd • Kingsmen Middle East LLC • Kingsmen Xperience, Inc. • Kingsmen Korea Limited • Kingsmen Nikko Limited • Enterprise Sports Group Pte Ltd • Islanda Pte Ltd • Fine Grain Management Holdings Pte Ltd Other commitments: • Member of Singapore Business Federation Small and Medium-Sized Enterprises Committee • Chairman of MDIS School of Tourism and Hospitality Industrial Advisory Board • Member of MDIS Academic Advisory Board • Member of SHATEC Academic and Examination Advisory Council	**Past (for the last 5 years)** Directorship: • Sandbox Technology Pte Ltd **Present** Directorships: • Kingsmen Exhibits Pte Ltd • NAX Company Pte Ltd • NAX Singapore Pte Ltd • Kingsmen-Nassal Kabushiki Kaisha Other commitment: • Member of School Advisory Council of Cedar Girls Secondary School

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT

	Mr Soh Siak Poh Benedict	Mr Chong Siew Ling
Information Required **Disclose the following matters concerning a re-election of director. If the answer to any question is "yes", full details must be given.**		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT

	Mr Soh Siak Poh Benedict	Mr Chong Siew Ling
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT

	Mr Soh Siak Poh Benedict	Mr Chong Siew Ling
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :–		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT

	Mr Soh Siak Poh Benedict	Mr Chong Siew Ling
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT

	Mr Tan Cher Liang	**Mr Loh Eu Tse Derek**
Date of appointment	30 April 2013	12 May 2021
Date of last re-election	29 April 2021	Not applicable
Age	70	55
Country of principal residence	Singapore	Singapore
The board of directors' comments on this re-election or continued appointment (including the rationale, selection criteria, board diversity considerations, and search and nomination process)	The continued appointment of Mr Tan as Independent Director was recommended by the NC and approved by the Board, after taking into consideration Mr Tan's qualifications, expertise, past experiences, independence and overall contribution since he was appointed as a Director.	The re-election of Mr Loh as Independent Director was recommended by the NC and approved by the Board, after taking into consideration Mr Loh's qualifications, expertise, past experiences, independence and overall contribution since he was appointed as a Director.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title	• Independent Director • Chairman of Audit Committee • Member of Nominating Committee and Remuneration Committee	• Independent Director • Chairman of Nominating Committee • Member of Audit Committee and Remuneration Committee
Professional qualifications	Fellow of the Association of Chartered Certified Accountants, United Kingdom	Master of Arts (M.A.), Law (Honours), University of Cambridge, United Kingdom
Working experience and occupation(s) during the past 10 years	Present: Independent Director of various public listed companies in Singapore 2013 – Present: Boardroom Limited, Advisor 2000 – 2013: Boardroom Limited, Managing Director and Finance Director	2001 – Present: TSMP Law Corporation, Executive Director
Shareholding interest in the listed issuer and its subsidiaries	None	None
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None	None

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT

	Mr Tan Cher Liang	Mr Loh Eu Tse Derek
Conflict of interest (including any competing business)	None	None
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments including directorships* * "Principal commitments" has the same meaning as defined in the Code of Corporate Governance 2018 – "principal commitments" includes all commitments which involve significant time commitment such as full-time occupation, consultancy work, committee work, non-listed company board representations and directorships and involvement in non-profit organisations. Where a director sits on the boards of non-active related corporations, those appointments should not normally be considered principal commitments.	**Past (for the last 5 years)** Directorship: None **Present** Directorships: • Ezra Holdings Limited • Food Empire Holdings Limited • IPC Corporation Ltd • Jumbo Group Limited • Vibrant Group Limited • Wilton Resources Corporation Limited • Children's Charities Association • D S Lee Foundation • D S Lee Singapore General Pte Ltd • D S Lee Specialists Group Pte Ltd • Deli Sumatra Legacy Co Pte Ltd • DSLSG Investment Co Pte Ltd • E-Bridge Pre-School Pte Ltd • EtonHouse Community Fund Limited • Nyalas Rubber Estates Limited Other commitment: • Trustee of Kwan Im Thong Hood Cho Temple	**Past (for the last 5 years)** Directorships: • DISA Limited • Federal International (2000) Ltd • Kitchen Culture Holdings Ltd • Metech International Limited • K2 F&B Holdings Limited (listed on the Hong Kong Stock Exchange) • Vietnam Enterprise Investments Limited (listed on the London Stock Exchange) **Present** Directorships: • Adventus Holdings Limited • Memiontec Holdings Ltd • Vibrant Group Limited • TSMP Law Corporation • Camembert Holdings Pte Ltd • St Joseph's Institution International Ltd Other commitment: • Trustee of St Joseph's Institution Philanthropic Fund for Lasallian Mission Ltd

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT

	Mr Tan Cher Liang	Mr Loh Eu Tse Derek
Information Required **Disclose the following matters concerning a re-election or continued appointment of director. If the answer to any question is "yes", full details must be given.**		
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT

	Mr Tan Cher Liang	**Mr Loh Eu Tse Derek**
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT

	Mr Tan Cher Liang	Mr Loh Eu Tse Derek
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(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	Yes Please refer to the disclosure below for the details.	Yes Please refer to the disclosure below for the details.
(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

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT

	Mr Tan Cher Liang	Mr Loh Eu Tse Derek
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	Yes Please refer to the disclosure below for the details.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION OR CONTINUED APPOINTMENT

Disclosure pursuant to Paragraph (j)(i) above in respect of Mr Tan Cher Liang

Mr Tan is an independent director of Vibrant Group Limited ("**Vibrant**") since 5 November 2003. A special auditor was appointed on 21 August 2018 to investigate into irregularities as well as the assets and accounting records of Blackgold International Holdings Pty Ltd ("**Blackgold**") and its subsidiaries (collectively, "**Blackgold Group**"). Blackgold was listed on the Australian Securities Exchange ("**ASX**") in 2011 and became Vibrant's wholly-owned subsidiary following Vibrant's acquisition in July 2017 and delisted from the ASX thereafter. On 14 August 2020, the Singapore Exchange Securities Trading Limited ("**SGX-ST**") issued a regulatory announcement after its review of the special audit report received on 24 January 2019 which uncovered (i) potential significant misstatements in Blackgold Group's financial statements and (ii) Blackgold management may have potentially falsified accounting records and announced false financial information on the ASX when Blackgold was listed. In its announcement, the SGX-ST stated that (i) it has reported the accounting irregularities in Blackgold Group and conduct of Blackgold's statutory auditors to the relevant authorities and (ii) it is concerned about the findings relating to Blackgold management and therefore requires SGX-listed companies to consult it before the appointment of Blackgold management as a director or key management. Mr Tan was at no time a subject of the special audit. Mr Tan, together with his fellow members of the audit committee and board of directors of Vibrant, oversaw the special audit.

Disclosure pursuant to Paragraph (j)(i) above in respect of Mr Loh Eu Tse Derek

1. Mr Loh was an independent director of Flextech Holdings Ltd (now known as Dragon Group International Limited ("**DGIL**")) from 15 January 2004 to 28 April 2011. Following Mr Loh's resignation, DGIL and its board of directors ("**DGIL Board**") both present and past (including Mr Loh) were called for questioning by the Commercial Affairs Department ("**CAD**") in respect of a technical non-compliance of the Companies Act 1967 (Singapore) for a transaction during the period when Mr Loh served on the DGIL Board. As there was no dishonesty or fraud on the part of the DGIL Board and there were full disclosures made and external professionals appointed for the transaction in question, no charges were proceeded with and the relevant members of the DGIL Board (including Mr Loh) received a warning from the CAD in relation to the aforementioned incident.

2. Mr Loh is an independent director of Vibrant since 5 November 2003. A special auditor was appointed on 21 August 2018 to investigate into irregularities as well as the assets and accounting records of Blackgold Group. Blackgold was listed on the ASX in 2011 and became Vibrant's wholly-owned subsidiary following Vibrant's acquisition in July 2017 and delisted from the ASX thereafter. On 14 August 2020, the SGX-ST issued a regulatory announcement after its review of the special audit report received on 24 January 2019 which uncovered (i) potential significant misstatements in Blackgold Group's financial statements and (ii) Blackgold management may have potentially falsified accounting records and announced false financial information on the ASX when Blackgold was listed. In its announcement, the SGX-ST stated that (i) it has reported the accounting irregularities in Blackgold Group and conduct of Blackgold's statutory auditors to the relevant authorities and (ii) it is concerned about the findings relating to Blackgold management and therefore requires SGX-listed companies to consult it before the appointment of Blackgold management as a director or key management. Mr Loh was at no time a subject of the special audit. Mr Loh, together with his fellow members of the audit committee and board of directors of Vibrant, oversaw the special audit.

Disclosure pursuant to Paragraph (k) above in respect of Mr Loh Eu Tse Derek

Mr Loh was an independent director of Flextech Holdings Ltd (now known as DGIL) from 15 January 2004 to 28 April 2011. Following Mr Loh's resignation, DGIL and the DGIL Board both present and past (including Mr Loh) were called for questioning by the CAD in respect of a technical non-compliance of the Companies Act 1967 (Singapore) for a transaction during the period when Mr Loh served on the DGIL Board. As there was no dishonesty or fraud on the part of the DGIL Board and there were full disclosures made and external professionals appointed for the transaction in question, no charges were proceeded with and the relevant members of the DGIL Board (including Mr Loh) received a warning from the CAD in relation to the aforementioned incident.

CIRCULAR DATED 6 APRIL 2022

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

This Circular is circulated to the shareholders (the "**Shareholders**") of Kingsmen Creatives Ltd. (the "**Company**"), together with the Company's annual report for the financial year ended 31 December 2021 (the "**Annual Report**"). Its purpose is to explain to the Shareholders the rationale for, and provide the Shareholders with information relating to, the proposed renewal of the Share Purchase Mandate (as defined herein) to be tabled at the annual general meeting ("**AGM**") of the Company to be held by way of electronic means on 28 April 2022 at 10.00 a.m..

The notice of the Company's AGM and a proxy form are enclosed with the Annual Report.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.

If you have sold or transferred all your Shares (as defined herein) in the capital of the Company, you should immediately forward this Circular, the Annual Report and proxy form to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

If you are in any doubt as to the contents herein or as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or any other professional adviser immediately.

kingsmen

KINGSMEN CREATIVES LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200210790Z)

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

CONTENTS

DEFINITIONS

For the purpose of this Circular, the following definitions have, where appropriate, been used:

"**2021 Mandate**"	:	Has the meaning ascribed to it in Section 1
"**2022 AGM**"	:	The annual general meeting of the Company to be held by way of electronic means on 28 April 2022 at 10.00 a.m.
"**AGM**"	:	Annual general meeting of the Company
"**Annual Report**"	:	The annual report of the Company for the financial year ended 31 December 2021
"**Approval Date**"	:	Has the meaning ascribed to it in Section 2.2.1
"**Average Closing Price**"	:	Has the meaning ascribed to it in Section 2.2.4
"**Board**"	:	The board of directors of the Company for the time being
"**CDP**"	:	The Central Depository (Pte) Limited
"**Companies Act**"	:	The Companies Act 1967 (Singapore), as amended, supplemented or modified from time to time
"**Company**"	:	Kingsmen Creatives Ltd.
"**controlling shareholder**"	:	A person who: (a) holds directly or indirectly 15% or more of the total number of issued Shares (excluding treasury shares and subsidiary holdings); or (b) in fact exercises control over the Company
"**CPF**"	:	Central Provident Fund
"**CPFIS**"	:	Has the meaning ascribed to it in Section 4
"**date of the making of the offer**"	:	Has the meaning ascribed to it in Section 2.2.4
"**Directors**"	:	Directors of the Company for the time being
"**EPS**"	:	Earnings per Share
"**FY**"	:	Financial year ended, or as the case may be, ending 31 December
"**Group**"	:	The Company and its subsidiaries
"**Highest Last Dealt Price**"	:	Has the meaning ascribed to it in Section 2.2.4
"**Latest Practicable Date**"	:	14 March 2022, being the latest practicable date prior to the printing of this Circular
"**Listing Manual**"	:	The Listing Manual of the SGX-ST, as amended, supplemented or modified from time to time

DEFINITIONS

"**LPS**"	:	Loss per Share
"**Market Day**"	:	A day on which the SGX-ST is open for trading in securities
"**Market Purchase(s)**"	:	Has the meaning ascribed to it in Section 2.2.3(a)
"**Maximum Price**"	:	Has the meaning ascribed to it in Section 2.2.4
"**NA**"	:	Net asset
"**NTA**"	:	Net tangible asset
"**Off-Market Purchase(s)**"	:	Has the meaning ascribed to it in Section 2.2.3(b)
"**public**"	:	Persons other than the directors, chief executive officer, substantial shareholders or controlling shareholders of the Group, and their associates (as defined in the Listing Manual)
"**Registrar**"	:	Has the meaning ascribed to it in Section 2.9
"**Securities Account**"	:	Securities account maintained by a Depositor with CDP but not including securities sub-account maintained with a Depository Agent
"**Securities and Futures Act**"	:	The Securities and Futures Act 2001 (Singapore), as amended, supplemented or modified from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shareholders**"	:	Persons who are registered as holders of the Shares except where the registered holder is CDP, in which case the term "**Shareholders**" shall in relation to such Shares mean the Depositors whose Securities Accounts with CDP are credited with the Shares. Any reference to Shares held by Shareholders shall include Shares standing to the credit of the respective Shareholders' Securities Accounts
"**Share(s)**"	:	Ordinary share(s) in the capital of the Company
"**Share Purchase Mandate**"	:	The general mandate to authorise the Directors to purchase Shares in accordance with the rules and regulations set forth in the Companies Act, the Listing Manual and the Securities and Futures Act
"**SRS**"	:	Has the meaning ascribed to it in Section 4
"**Take-over Code**"	:	The Singapore Code on Take-overs and Mergers, as amended, supplemented or modified from time to time

Currencies and others

"**S$**", "**$**" and "**cents**"	:	Singapore dollars and cents respectively
"**%**" or "**per cent**"	:	Per centum or percentage

DEFINITIONS

The terms "**Depositor**", "**Depository Register**" and "**Depository Agent**" shall have the meanings ascribed to them respectively in Section 81SF of the Securities and Futures Act.

The term "**treasury share**" shall have the meaning ascribed to it in Section 4 of the Companies Act.

Any reference in this Circular to any statute or enactment is a reference to that statute or enactment as for the time being amended or re-enacted.

Any word defined under the Companies Act, the Listing Manual, the Securities and Futures Act or any statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, the Listing Manual, the Securities and Futures Act or any statutory modification thereof, as the case may be.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall, where applicable, include corporations.

Any reference to a time of a day in this Circular is a reference to Singapore time unless otherwise stated.

Any discrepancies in this Circular between the total sum of the figures stated and the total shown thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

LETTER TO SHAREHOLDERS

KINGSMEN CREATIVES LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number: 200210790Z)

Directors:

Soh Siak Poh Benedict (Executive Chairman)
Simon Ong Chin Sim (Deputy Executive Chairman)
Cheng Oon Teck (Group Chief Executive Officer and Executive Director)
Chong Siew Ling (Group Managing Director, Exhibitions & Thematic and Executive Director)
Wee Huat Seng (Group Managing Director, Retail & Corporate Interiors and Executive Director)
Tan Cher Liang (Independent Director)
Tan Guan Hiang (Independent Director)
Loh Eu Tse Derek (Independent Director)

Registered Office:

22 Changi Business Park Central 2
The Kingsmen Experience
Singapore 486032

6 April 2022

To: The Shareholders of Kingsmen Creatives Ltd.

Dear Shareholder,

THE PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

1. INTRODUCTION

The Directors are convening the 2022 AGM to seek the Shareholders' approval for, *inter alia*, the proposed renewal of the Share Purchase Mandate.

At the AGM held on 29 April 2021, the Shareholders had approved the Share Purchase Mandate to enable the Company to purchase or otherwise acquire the Shares (the "**2021 Mandate**"). The validity period of the 2021 Mandate will expire at the 2022 AGM. Accordingly, the Company is now seeking approval from the Shareholders for, *inter alia*, the renewal of the Share Purchase Mandate at the 2022 AGM.

This Circular is circulated to the Shareholders together with the Company's Annual Report. The purpose of this Circular is to explain the rationale for, and provide the Shareholders with information relating to, the proposed renewal of the Share Purchase Mandate to be tabled at the 2022 AGM.

2. PROPOSED RENEWAL OF THE SHARE PURCHASE MANDATE

2.1 Rationale for the Share Purchase Mandate

The Share Purchase Mandate would give the Company flexibility to undertake purchases or acquisitions of its Shares at any time, subject to market conditions, during the period when the Share Purchase Mandate is in force. Share purchases or acquisitions provide the Company with a mechanism to facilitate the return of surplus cash (if any) over and above its ordinary capital requirements to its Shareholders, in an expedient and cost-efficient manner. Share purchases or acquisitions will also allow the Directors greater flexibility over the Company's share capital structure with a view to enhancing its NTA per share and/or EPS.

The purchase or acquisition of Shares will only be undertaken if the Directors believe that it may benefit the Company and Shareholders. Shareholders should note that purchases or acquisitions of Shares pursuant to the Share Purchase Mandate may not be carried out to the full 10% limit as authorised. No purchase or acquisition of Shares will be made in circumstances, which would or, in the Directors' reasonable opinion, may have a material adverse effect on the financial position, liquidity and capital of the Company or the Group.

2.2 Authority and Limitations of the Share Purchase Mandate

The authority and limitations placed on purchases or acquisitions of Shares by the Company under the Share Purchase Mandate, if approved at the 2022 AGM, are summarised below:

2.2.1 Maximum Number of Shares

The Company may purchase or acquire only Shares which are issued and fully paid-up. The total number of Shares that may be purchased or acquired is limited to that number of Shares representing not more than 10% of the issued Shares as at the date on which the resolution authorising the proposed renewal of the Share Purchase Mandate is passed (the "**Approval Date**"). Shares which are held as treasury shares and subsidiary holdings, will be disregarded for purposes of computing the 10% limit. The Company does not hold any treasury shares and does not have subsidiary holdings as at the Latest Practicable Date.

For illustrative purposes only, based on 201,948,299 issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date, and assuming that there is no change in the number of issued Shares as at the Approval Date, not more than 20,194,829 Shares (representing 10% of the issued Shares (excluding treasury shares and subsidiary holdings) as at the Approval Date) may be purchased or acquired by the Company pursuant to the Share Purchase Mandate.

2.2.2 Duration of Authority

Purchase(s) or acquisition(s) of Shares may be made, at any time and from time to time, from the Approval Date up to the earliest of:

(a) the date on which the next AGM is held or is required by law to be held;

(b) the date on which purchase(s) or acquisition(s) of Shares have been carried out to the full extent permitted under the Share Purchase Mandate; or

(c) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of the Shareholders in a general meeting.

2.2.3 Manner of Purchase or Acquisition

Purchase(s) or acquisition(s) of Shares may be made by way of:

(a) on-market purchase(s) ("**Market Purchase(s)**") transacted on the SGX-ST through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

(b) off-market purchase(s) ("**Off-Market Purchase(s)**") made under an equal access scheme in accordance with Section 76C of the Companies Act.

The Directors may impose such terms and conditions, which are not inconsistent with the Share Purchase Mandate, the Companies Act and the Listing Manual, as they consider to be in the interests of the Company in connection with or in relation to an equal access scheme or schemes. Under the Companies Act, an equal access scheme must satisfy all the following conditions:

(a) offers for the purchase or acquisition of shares are to be made to every person who holds shares to purchase or acquire the same percentage of their shares;

(b) all of those persons have a reasonable opportunity to accept the offers made to them; and

(c) the terms of all the offers are the same, except that there shall be disregarded:

  (i) differences in consideration attributable to the fact that offers may relate to shares with different accrued dividend entitlements;

  (ii) differences in consideration attributable to the fact that offers relate to shares with different amounts remaining unpaid; and

  (iii) differences in the offers introduced solely to ensure that each person is left with a whole number of shares.

In addition, the Listing Manual provides that, in making an Off-Market Purchase, the Company must issue an offer document to all Shareholders, which must contain at least the following information:

(a) the terms and conditions of the offer;

(b) the period and procedures for acceptances;

(c) the reasons for the proposed purchase(s) or acquisition(s) of Shares;

(d) the consequences, if any, of purchase(s) or acquisition(s) of Shares by the Company that will arise under the Take-over Code or other applicable take-over rules;

(e) whether the purchase(s) or acquisition(s) of Shares, if made, could affect the listing of the Shares on the SGX-ST;

(f) details of any purchase(s) or acquisition(s) of Shares made by the Company in the previous 12 months (whether Market Purchase(s) or Off-Market Purchase(s) in accordance with an equal access scheme), giving the total number of Shares purchased or acquired, the purchase or acquisition price per Share or the highest and lowest prices paid for the purchase(s) or acquisition(s), where relevant, and the total consideration paid for the purchase(s) or acquisition(s); and

(g) whether the Shares purchased or acquired by the Company will be cancelled or kept as treasury shares.

2.2.4 <u>Maximum Purchase or Acquisition Price</u>

The purchase or acquisition price (excluding brokerage, trading fee, clearing fee, applicable goods and services tax and other related expenses) to be paid for the Shares will be determined by the Directors.

However, the purchase or acquisition price must not exceed:

(a) in the case of a Market Purchase, 105% of the Average Closing Price (as defined below); and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120% of the Highest Last Dealt Price (as defined below),

(the "**Maximum Price**") in either case, excluding related expenses of the purchase or acquisition.

For the above purposes:

"**Average Closing Price**" means the average of the closing market prices of a Share over the last five (5) Market Days, on which transactions in Shares were recorded, immediately preceding the date of the Market Purchase, and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the date of the Market Purchase;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the Market Day on which transactions in Shares were recorded, immediately preceding the date of the making of the offer (as defined below) for an Off-Market Purchase; and

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for an Off-Market Purchase, stating the purchase or acquisition price (which shall not be more than the Maximum Price for an Off-Market Purchase calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

2.3 Status of Purchased or Acquired Shares

Any Share which is purchased or acquired by the Company is deemed cancelled immediately on purchase or acquisition (and all rights and privileges attached to that Share will expire on cancellation), unless such Share is held by the Company as a treasury share. Accordingly, the total number of issued Shares will be diminished by the number of Shares purchased or acquired by the Company and which are not held as treasury shares. At the time of each purchase or acquisition of Shares by the Company, the Directors will decide whether the Shares purchased or acquired will be cancelled or kept as treasury shares, or partly cancelled and partly kept as treasury shares, depending on the needs of the Company at that time.

Under the Companies Act, Shares purchased or acquired by the Company may be held or dealt with as treasury shares. Some of the key provisions on treasury shares under the Companies Act are summarised below:

(a) *Maximum Holdings*

The aggregate number of Shares held as treasury shares cannot at any time exceed 10% of the total number of issued Shares.

(b) *Voting and Other Rights*

The Company will not have the right to attend or vote at meetings and/or to receive any dividends in respect of treasury shares. However, the allotment of treasury shares as fully paid bonus shares is allowed. Furthermore, a subdivision or consolidation of any treasury share into treasury shares of a greater or smaller number is allowed, if the total value of the treasury shares after the subdivision or consolidation is the same as the total value of the treasury share before the subdivision or consolidation, as the case may be.

(c) *Disposal and Cancellation*

The Company may dispose of treasury shares at any time in the following ways:

(i) selling the treasury shares for cash;

(ii) transferring the treasury shares for the purposes of or pursuant to any share scheme, whether for its employees, directors or other persons;

(iii) transferring the treasury shares as consideration for the acquisition of shares in or assets of another company or assets of a person;

(iv) cancelling the treasury shares; or

(v) selling, transferring or otherwise using the treasury shares for such other purposes as may be prescribed by the Minister for Finance.

In addition, under the Listing Manual, the Company must immediately announce any sale, transfer, cancellation and/or use of treasury shares, stating the following:

(i) date of the sale, transfer, cancellation and/or use;

(ii) purpose of such sale, transfer, cancellation and/or use;

(iii) number of treasury shares sold, transferred, cancelled and/or used;

(iv) number of treasury shares before and after such sale, transfer, cancellation and/or use;

(v) percentage of the number of treasury shares against the total number of shares outstanding in a class that is listed before and after such sale, transfer, cancellation and/or use; and

(vi) value of the treasury shares if they are used for a sale or transfer, or cancelled.

2.4 Source of Funds

The Companies Act permits the Company to make payment, pursuant to the purchase or acquisition of its own Shares, out of capital as well as from its distributable profits, so long as the Company is solvent. The Companies Act provides that the Company is solvent if at the date of the relevant payment, the following conditions are satisfied:

(a) there is no ground on which the Company could be found to be unable to pay its debts;

(b) if –

(i) it is intended to commence winding up of the Company within the period of 12 months immediately after the date of the payment, the Company will be able to pay its debts in full within the period of 12 months after the date of commencement of the winding up; or

(ii) it is not intended so to commence winding up, the Company will be able to pay its debts as they fall due during the period of 12 months immediately after the date of the payment; and

(c) the value of the Company's assets is not less than the value of its liabilities (including contingent liabilities) and will not, after the proposed purchase or acquisition of Shares, become less than the value of its liabilities (including contingent liabilities).

The Company intends to use internal sources of funds, or a combination of internal resources and external borrowings, to finance its purchase(s) or acquisition(s) of Shares.

2.5 Financial Effects

It is not possible for the Company to realistically calculate or quantify the impact of purchases or acquisitions that may be made pursuant to the Share Purchase Mandate on the NTA and EPS of the Group, as the resultant effect will depend on, *inter alia*, the aggregate number of Shares purchased or acquired, the purchase or acquisition prices paid for such Shares, whether the purchase or acquisition is made out of capital or profits, whether the Shares purchased or acquired are held in treasury or cancelled, how the Shares held in treasury are subsequently dealt with by the Company in accordance with Section 76K of the Companies Act, and the amounts (if any) borrowed by the Company to fund the purchases or acquisitions.

Where the amounts paid by the Company for the purchase or acquisition of Shares are made out of profits, such amounts will correspondingly reduce the amount available for the distribution of cash dividends by the Company. Where the amounts paid by the Company for the purchase or acquisition of Shares are made out of capital, the amount available for the distribution of cash dividends by the Company will not be reduced but the issued share capital of the Company will be reduced by such amounts. The total amount of the purchase or acquisition price shall include any expenses (including brokerage, trading fee and/or clearing fee) incurred directly in the purchase or acquisition of the Shares which is paid out of the Company's profits or capital.

Where a purchase or an acquisition of Shares is financed by internal resources and/or external borrowings, there may be an increase in the Group's gearing ratio, and a decline in the Group's current ratio and Shareholders' funds. The actual impact on the Group's gearing and current ratios will depend on, *inter alia*, the number of Shares purchased or acquired and the prices at which the Shares are purchased or acquired.

The Directors do not propose to exercise the Share Purchase Mandate to such an extent that the Group's working capital requirements and ability to service its debts would be adversely affected. The purchase(s) or acquisition(s) of Shares will be effected taking into account, *inter alia*, the Group's working capital requirements, availability of financial resources, the Group's expansion and investment plans and prevailing market conditions. The Company intends to exercise the Share Purchase Mandate with a view to enhancing the Group's NTA per share and/or EPS.

For illustrative purposes only and on the basis of the following assumptions:

(a) the purchase or acquisition by the Company of the maximum of 20,194,829 Shares (representing 10% of the issued Shares (excluding treasury shares and subsidiary holdings) as at the Latest Practicable Date) was made on 1 January 2021;

(b) in the case of Market Purchases, the Company purchased or acquired Shares at the Maximum Price of S$0.2657 for each Share (being 105% of the Average Closing Price as at the Latest Practicable Date), and in the case of Off-Market Purchases, the Company purchased or acquired Shares at the Maximum Price of S$0.3060 for each Share (being 120% of the Highest Last Dealt Price as at the Latest Practicable Date);

(c) the purchase or acquisition of Shares by the Company, which required funds amounting to, in the case of Market Purchases, S$5,365,766, and in the case of Off-Market Purchases, S$6,179,618, was financed entirely using internal sources of funds, and the Company received dividends from its subsidiaries to finance the purchase or acquisition;

(d) the Singapore corporate tax rate applied was 17%; and

(e) the cash reserves applied by the Group to pay for the purchase or acquisition of Shares, would otherwise have earned negligible return,

the financial effects of purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate on the audited financial statements of the Company and the Group for FY2021 are set out below:

The financial effects set out below are for illustrative purposes only. The illustrations are based on historical numbers for FY2021 and are in no way indicative of the Company's and the Group's future financial performance or a forecast of the Company's and the Group's financial position.

Although the Share Purchase Mandate would authorise the Company to purchase or acquire up to 10% of the issued Shares (excluding treasury shares and subsidiary holdings), the Company may not necessarily purchase or acquire part of or the entire 10% of the issued Shares (excluding treasury shares and subsidiary holdings).

Market Purchases Scenario

Market Purchases of 20,194,829 Shares out of profits, and the maximum number of Shares permitted under the Companies Act to be held in treasury are held in treasury and the balance are cancelled

	Group		**Company**	
	Before Share Purchase S$'000	**After Share Purchase** S$'000	**Before Share Purchase** S$'000	**After Share Purchase** S$'000
As at 31 December 2021				
Share capital	29,191	29,191	29,191	29,191
Revenue reserves (distributable)	82,628	82,628	23,932	29,298
Other reserves	(2,307)	(2,307)	189	189
Treasury shares	–	(5,366)	–	(5,366)
Shareholders' funds	109,512	104,146	53,312	53,312
NA	109,512	104,146	53,312	53,312
Current assets	185,109	179,743	8,758	8,758
Current liabilities	116,525	116,525	4,126	4,126
Working capital	68,584	63,218	4,632	4,632
Total liabilities	141,373	141,373	18,902	18,902
Cash and cash equivalents	80,389	75,023	7,365	7,365
Profit/(loss) attributable to Shareholders	1,004	1,004	(1,495)	3,871
Number of Shares, excluding treasury shares and subsidiary holdings ('000)	201,948	181,753	201,948	181,753
Weighted average number of Shares ('000)	201,948	181,753	201,948	181,753
Financial Ratios				
NA per Share[(1)] (cents)	54.23	57.30	26.40	29.33
EPS/(LPS)[(2)] (cents)	0.50	0.55	(0.74)	2.13
Gearing ratio[(3)] (times)	1.29	1.36	0.35	0.35
Current ratio[(4)] (times)	1.59	1.54	2.12	2.12

Off-Market Purchases Scenario

Off-Market Purchases of 20,194,829 Shares out of profits, and the maximum number of Shares permitted under the Companies Act to be held in treasury are held in treasury and the balance are cancelled

	Group		Company	
	Before Share Purchase S$'000	After Share Purchase S$'000	Before Share Purchase S$'000	After Share Purchase S$'000
As at 31 December 2021				
Share capital	29,191	29,191	29,191	29,191
Revenue reserves (distributable)	82,628	82,628	23,932	30,112
Other reserves	(2,307)	(2,307)	189	189
Treasury shares	–	(6,180)	–	(6,180)
Shareholders' funds	109,512	103,332	53,312	53,312
NA	109,512	103,332	53,312	53,312
Current assets	185,109	178,929	8,758	8,758
Current liabilities	116,525	116,525	4,126	4,126
Working capital	68,584	62,404	4,632	4,632
Total liabilities	141,373	141,373	18,902	18,902
Cash and cash equivalents	80,389	74,209	7,365	7,365
Profit/(loss) attributable to Shareholders	1,004	1,004	(1,495)	4,685
Number of Shares, excluding treasury shares and subsidiary holdings ('000)	201,948	181,753	201,948	181,753
Weighted average number of Shares ('000)	201,948	181,753	201,948	181,753
Financial Ratios				
NA per Share[(1)] (cents)	54.23	56.85	26.40	29.33
EPS/(LPS)[(2)] (cents)	0.50	0.55	(0.74)	2.58
Gearing ratio[(3)] (times)	1.29	1.37	0.35	0.35
Current ratio[(4)] (times)	1.59	1.54	2.12	2.12

Notes:

(1) NA per Share equals Shareholders' funds divided by the total number of Shares, excluding treasury shares and subsidiary holdings
(2) EPS/(LPS) equals profit/(loss) attributable to Shareholders divided by the weighted average number of Shares
(3) Gearing ratio equals total liabilities divided by Shareholders' funds
(4) Current ratio equals current assets divided by current liabilities

Shareholders who are in doubt as to their respective tax positions or any tax implications arising from the proposed renewal of the Share Purchase Mandate to be tabled at the 2022 AGM, or who may be subject to tax whether in or outside Singapore, should consult their own professional advisers.

2.6 Requirements under the Listing Manual

2.6.1 Maximum Price

Under the Listing Manual, a listed company may purchase or acquire shares by way of Market Purchases at a price per share which is not more than 5% above the average of the closing market prices of the shares over the last five (5) Market Days, on which transactions in the shares were recorded, before the day on which the purchases or acquisitions were made and deemed to be adjusted for any corporate action that occurs during the relevant five-day period and the day on which purchases or acquisitions were made. The Maximum Price for a Share in relation to Market Purchases by the Company, referred to in Section 2.2.4, conforms to this restriction.

2.6.2 Reporting Requirements

The Listing Manual requires a listed company to notify the SGX-ST of any purchase or acquisition of its shares (i) in the case of a Market Purchase, by 9.00 a.m. on the Market Day following the day on which it purchased or acquired shares; and (ii) in the case of an Off-Market Purchase under an equal access scheme, by 9.00 a.m. on the second Market Day after the close of acceptances of the offer. Such notification shall be in such form and include such details as may be prescribed by the Listing Manual.

2.6.3 No Purchases or Acquisitions after Occurrences of Price Sensitive Developments

While the Listing Manual does not expressly prohibit any purchase or acquisition of shares by a listed company during any particular time(s), because the listed company would be regarded as an "insider" in relation to any proposed purchase or acquisition of its issued shares, the Company will not undertake any purchase or acquisition of Shares pursuant to the Share Purchase Mandate at any time after a price sensitive development has occurred or has been the subject of a decision until the price sensitive information has been publicly announced. In particular, in line with the best practices on dealings in securities under Rule 1207(19) of the Listing Manual, the Company will not purchase or acquire any Shares during the period commencing one (1) month before the announcement of the Company's half-year and full-year financial statements.

2.7 Listing Status of the Shares

Under Rule 723 of the Listing Manual, the Company shall ensure that at least 10% of its total number of issued Shares (excluding treasury shares, preference shares and convertible equity securities) in a class that is listed is at all times held by the public.

As at the Latest Practicable Date:

(a) approximately 89,839,000 Shares, representing 44.49% of the total number of issued Shares (excluding treasury shares and subsidiary holdings), are held by the public; and

(b) no Shares are held by the Company as treasury shares and the Company does not have subsidiary holdings.

If the Company had purchased or acquired Shares from the public up to the full 10% limit pursuant to the Share Purchase Mandate on the Latest Practicable Date, the number of Shares held by the public would be approximately 69,644,000 Shares, representing 38.32% of the total number of issued Shares (excluding treasury shares and subsidiary holdings).

The Company is of the view that there is a sufficient number of Shares held by public Shareholders which would permit the Company to undertake purchases or acquisitions of its Shares up to the full 10% limit pursuant to the Share Purchase Mandate without affecting the listing status of the Shares on the SGX-ST, causing market illiquidity or affecting orderly trading of the Shares.

2.8 Obligations to Make a Take-over Offer

If, as a result of any purchase or acquisition of Shares by the Company, the percentage of voting rights in the Company of a Shareholder and persons acting in concert with him increases, such increase will be treated as an acquisition for the purposes of Rule 14 of the Take-over Code. Consequently, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate effective control of the Company and become obliged to make a take-over offer under Rule 14 of the Take-over Code.

The circumstances under which Shareholders, including Directors, and persons acting in concert with them will incur an obligation to make a take-over offer under Rule 14 of the Take-over Code after a purchase or an acquisition of Shares by the Company are set out in Appendix 2 of the Take-over Code.

In general terms, the effect of Rule 14 and Appendix 2 of the Take-over Code is that, if as a result of the Company purchasing or acquiring Shares, (i) the voting rights of Directors and their concert parties would increase to 30% or more; or (ii) in the event that such Directors and their concert parties hold between 30% and 50% of the Company's voting rights, if the voting rights of such Directors and their concert parties would increase by more than 1% in any period of six (6) months, the Directors and their concert parties will be exempted from the requirement to make a take-over offer subject to certain conditions, including the submission by such Directors of an executed form prescribed by the Securities Industry Council of Singapore within seven (7) days of the passing of the resolution to authorise the proposed renewal of the Share Purchase Mandate.

Under Appendix 2 of the Take-over Code, a Shareholder not acting in concert with the Directors will not be required to make a take-over offer under Rule 14 of the Take-over Code, if as a result of the Company purchasing or acquiring its Shares, (i) the voting rights of such Shareholder would increase to 30% or more; or (ii) in the event that such Shareholder holds between 30% and 50% of the Company's voting rights, the voting rights of such Shareholder would increase by more than 1% in any period of six (6) months. Such Shareholder need not abstain from voting on the resolution authorising the proposed renewal of the Share Purchase Mandate.

2.8.1 Persons Acting in Concert

Under the Take-over Code, persons acting in concert comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal) co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Unless the contrary is established, the following persons, *inter alia,* will be presumed to be acting in concert: (i) a company with any of its directors (together with their immediate family members); and (ii) a company, its parent company, subsidiaries and fellow subsidiaries, and their associated companies, and companies whose associated companies include any of the foregoing. Under the Take-over Code, a company is an associated company of another company if the second company owns or controls at least 20% but not more than 50% of the voting rights of the first-mentioned company.

Based on substantial shareholding notifications received by the Company as at the Latest Practicable Date, as set out in Section 3, none of the substantial Shareholders would become obliged to make a take-over offer under Rule 14 of the Take-over Code as a result of the purchase or acquisition of Shares by the Company up to the maximum limit of 10% of the Share Purchase Mandate.

The Directors are not aware of any facts or factors which suggest or imply that any particular person(s) and/or Shareholder(s) are, or may be regarded as, persons acting in concert such that their respective shareholding interests in the Company should or ought to be consolidated, and consequences under the Take-over Code would ensue as a result of a purchase or an acquisition of Shares by the Company pursuant to the Share Purchase Mandate.

The statements set out above do not purport to be a comprehensive or exhaustive description of all implications that may arise under the Take-over Code. Shareholders who are in doubt as to whether they would incur any obligation to make a take-over offer as a result of any purchase or acquisition of Shares by the Company pursuant to the Share Purchase Mandate are advised to consult their professional advisers and/or the Securities Industry Council of Singapore and/or other relevant authorities at the earliest opportunity.

2.9 Reporting Requirements

Within 30 days of approval by Shareholders of the proposed renewal of the Share Purchase Mandate, the Company shall lodge a copy of the relevant Shareholders' resolution with the Registrar of Companies (the "**Registrar**").

The Company shall notify the Registrar within 30 days of a purchase or an acquisition of Shares by the Company. Such notification shall include the date of the purchase or acquisition, the number of Shares purchased or acquired by the Company, the number of Shares cancelled, the number of Shares held as treasury shares, the Company's issued share capital before and after the purchase or acquisition, the amount of consideration paid by the Company for the purchase or acquisition, whether the Shares were purchased or acquired out of the profits or capital of the Company, and such other particulars as may be required in the prescribed form.

Within 30 days of the cancellation or disposal of treasury shares in accordance with the provisions of the Companies Act, the Company shall lodge with the Registrar the notice of cancellation or disposal of treasury shares in the prescribed form.

2.10 Share Purchases or Acquisitions in the Previous 12 Months

No purchases or acquisitions of Shares have been made by the Company in the 12 months preceding the Latest Practicable Date.

3. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTEREST

As at the Latest Practicable Date, the interests of the Directors in the Shares, as extracted from the Company's Register of Directors' Shareholdings, and the interests of substantial Shareholders (being a Shareholder whose interest in the Company's issued share capital is equal to or more than 5%), as extracted from the Company's Register of Substantial Shareholders, are as follows:

	Number of Shares			
Name	**Direct Interest**	**%**	**Deemed Interest**	**%**
Directors				
Soh Siak Poh Benedict	8,540,849	4.23	38,493,060 (1)	19.06
Simon Ong Chin Sim	8,840,830	4.38	37,993,060 (2)	18.81
Cheng Oon Teck	1,664,960	0.82	–	–
Chong Siew Ling	4,150,531	2.06	–	–
Wee Huat Seng	2,703,549	1.34	–	–
Tan Cher Liang	–	–	–	–
Tan Guan Hiang	–	–	–	–
Loh Eu Tse Derek	–	–	–	–

Name	Number of Shares Direct Interest	%	Deemed Interest	%
Substantial Shareholders				
Islanda Pte Ltd	38,493,060	19.06	–	–
O-Vest Pte Ltd	37,993,060	18.81	–	–
Png Geok Choo Rose	–	–	38,493,060 [(1)]	19.06
Soh E-Ling Marianne	–	–	38,493,060 [(1)]	19.06
Soh Hsien Wern Gavin	–	–	38,493,060 [(1)]	19.06
Jillian Soh E-Ping	–	–	38,493,060 [(1)]	19.06
Vera Ong Lim Guek Noi	–	–	37,993,060 [(2)]	18.81
Ong Mei Lin Elita	–	–	37,993,060 [(2)]	18.81

Notes:

(1) Mr Soh Siak Poh Benedict's, Mdm Png Geok Choo Rose's, Ms Soh E-Ling Marianne's, Mr Soh Hsien Wern Gavin's and Ms Jillian Soh E-Ping's deemed interest refers to the 38,493,060 Shares held by Islanda Pte Ltd by virtue of Section 7 of the Companies Act.

(2) Mr Simon Ong Chin Sim's, Mdm Vera Ong Lim Guek Noi's and Ms Ong Mei Lin Elita's deemed interest refers to the 37,993,060 Shares held by O-Vest Pte Ltd by virtue of Section 7 of the Companies Act.

Save as disclosed above, none of the Directors and substantial Shareholders has any interest, whether direct or indirect, in the proposed renewal of the Share Purchase Mandate to be tabled at the 2022 AGM.

4. ACTION TO BE TAKEN BY SHAREHOLDERS

The 2022 AGM, notice of which is set out in the Annual Report, will be held by way of electronic means on 28 April 2022 at 10.00 a.m., via an online link that will be provided to Shareholders upon pre-registration for the 2022 AGM.

Shareholders may only exercise their voting rights at the 2022 AGM via proxy voting and must appoint the Chairman of the 2022 AGM as their proxy to do so on their behalf. The Proxy Form attached to the notice of 2022 AGM must be completed, signed and returned in accordance with the instructions printed therein as soon as possible and, in any event, not less than 72 hours before the time appointed for the holding of the 2022 AGM

A Depositor shall not be regarded as a member of the Company entitled to vote at the 2022 AGM unless his name appears on the Depository Register maintained by CDP pursuant to Part IIIAA of the Securities and Futures Act at least 72 hours before the time appointed for the holding of the 2022 AGM.

Shareholders who hold their Shares through a Relevant Intermediary as defined in Section 181 of the Companies Act (including Supplementary Retirement Scheme ("**SRS**") investors, CPF Investment Scheme ("**CPFIS**") investors and holders under Depository Agents) and who wish to exercise their votes by appointing the Chairman of the 2022 AGM as proxy should approach their respective Relevant Intermediaries (including their respective SRS approved banks, CPFIS agent banks or Depository Agents) to submit their voting instructions by 5.00 p.m. on 19 April 2022, being seven (7) working days before the date of the 2022 AGM.

5. DIRECTORS' RECOMMENDATIONS

The Directors are of the opinion that the proposed renewal of the Share Purchase Mandate is in the best interests of the Company. Accordingly, the Directors recommend that Shareholders vote in favour of Ordinary Resolution 10 relating to the proposed renewal of the Share Purchase Mandate to be tabled at the 2022 AGM.

6. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the proposed renewal of the Share Purchase Mandate, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the Circular in its proper form and context.

7. CONSENT

The legal adviser to the Company in respect of the proposed renewal of the Share Purchase Mandate, AEI Legal LLC, has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name herein and all references thereto in the form and context in which it appears in this Circular and to act in such capacity in relation to this Circular.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 22 Changi Business Park Central 2, The Kingsmen Experience, Singapore 486032, during normal business hours from the date of this Circular up to and including the date of the 2022 AGM:

(a) the Annual Report; and

(b) the Constitution of the Company.

The Annual Report may also be accessed via SGXNET and the Company's corporate website.

Yours faithfully

For and on behalf of the Board of
Kingsmen Creatives Ltd.

Soh Siak Poh Benedict
Executive Chairman

KINGSMEN CREATIVES LTD.
Company Registration Number: 200210790Z
(Incorporated in Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT
1. Members who wish to vote on any or all of the resolutions at the Meeting must appoint the Chairman of the Meeting as their proxy to do so on their behalf.
2. For investors who hold shares in the capital of the Company under the Supplementary Retirement Scheme ("**SRS**") or the CPF Investment Scheme ("**CPFIS**"), this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS/CPFIS investors who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective SRS approved banks or CPFIS agent banks to submit their voting instructions by 5.00 p.m. on 19 April 2022, being seven (7) working days before the date of the Meeting.

I/We, ______________________________ (name) ____________________ (NRIC/Passport/Co. Reg No.)

of ____ (address)

being a member/members of **KINGSMEN CREATIVES LTD.** (the "**Company**"), hereby appoint:

Name	Proportion of Shareholding to be represented	
	Number of Shares	%
Chairman of the Meeting		

as my/our proxy, to attend, speak and vote for me/us on my/our behalf at the Nineteenth Annual General Meeting of the Company (the "**Meeting**") to be held by way of electronic means on Thursday, 28 April 2022 at 10.00 a.m. and at any adjournment thereof. I/We direct the Chairman of the Meeting as my/our proxy to vote for or against or abstain from voting on the Resolutions to be proposed at the Meeting as indicated below. **If no specific direction as to voting is given in respect of a Resolution, the appointment of the Chairman of the Meeting as my/our proxy for that Resolution will be treated as invalid. All Resolutions put to vote at the Meeting shall be decided by way of poll.**

If you wish to exercise all your votes "For" or "Against" a Resolution, please tick [✓] within the "For" or "Against" box provided. Alternatively, please indicate the number of votes "For" or "Against" the relevant Resolution.

If you wish to abstain from voting on a Resolution, please tick [✓] within the "Abstain" box provided. Alternatively, please indicate the number of votes in the "Abstain" box for the relevant Resolution.

No.	Resolutions relating to:	For	Against	Abstain
1.	Directors' Statement and Audited Financial Statements for the financial year ended 31 December 2021			
2.	Re-election of Mr. Soh Siak Poh Benedict as a Director			
3.	Re-election of Mr. Chong Siew Ling as a Director			
4.	Re-election of Mr. Loh Eu Tse Derek as a Director			
5.	Approval of Directors' fees amounting to S$263,603 for the financial year ended 31 December 2021			
6.	Re-appointment of RSM Chio Lim LLP as Auditors and authorisation of the Directors to fix their remuneration			
7.	Authority to allot and issue shares in the capital of the Company - Share Issue Mandate			
8.	Continued appointment of Mr. Tan Cher Liang as an Independent Director in accordance with Listing Rule 210(5)(d)(iii)(A) by all shareholders			
9.	Continued appointment of Mr. Tan Cher Liang as an Independent Director in accordance with Listing Rule 210(5)(d)(iii)(B) by shareholders, excluding the Directors and the Chief Executive Officer of the Company, and their respective associates			
10.	Renewal of the Share Purchase Mandate			

Dated this ______________ day of ______________ 2022

Total number of Shares in:	Number of Shares Held
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or,
Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. 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 2001 (Singapore)), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, 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 of the Company, 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 of the Company. If no number is inserted, this proxy form will be deemed to relate to all the shares held by you.

2. **In light of the current COVID-19 measures in Singapore, members will not be able to attend the Meeting in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend and vote on his/her/its behalf at the Meeting if such member wishes to exercise his/her/its voting rights at the Meeting.** This proxy form may be accessed and downloaded from SGXNET and the Company's website at the following link: http://kingsmen.listedcompany.com/misc/proxy-form.pdf. A printed copy of this proxy form will **NOT** be mailed to members. In appointing the Chairman of the Meeting as proxy, members must give specific instructions as to voting, or abstention 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.

3. This duly executed proxy form must be submitted to the Company in the following manner:

   (i) if submitted by post, be deposited at the registered office of the Company at 22 Changi Business Park Central 2, The Kingsmen Experience, Singapore 486032; or

   (ii) if submitted electronically, be submitted via email to proxyform@kingsmen-int.com,

   in either case, not less than **72 hours** before the time appointed for the holding of the Meeting.

4. This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or a duly authorised officer.

5. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

6. Members who hold their shares through a Relevant Intermediary as defined in Section 181 of the Companies Act 1967 (Singapore) (including SRS investors, CPFIS investors and holders under depository agents) and who wish to exercise their votes by appointing the Chairman of the Meeting as proxy should approach their respective Relevant Intermediaries (including their respective SRS approved banks, CPFIS agent banks or depository agents) to submit their voting instructions by 5.00 p.m. on 19 April 2022, being seven (7) working days before the date of the Meeting.

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 the 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/her/its name in the Depository Register as at 72 hours before the time appointed for the holding of the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing the Chairman of the Meeting as proxy to vote at the Meeting and/or any adjournment thereof, the member accepts and agrees to the personal data privacy terms set out in the Notice of the Meeting dated 6 April 2022.

Kingsmen Creatives Ltd
Co. Reg. No. 200210790Z

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