



## **OUR VISION**



TO MAINTAIN INTERNATIONAL REPUTATION AS THE PREFERRED SECURITIES EXCHANGE IN THE SOUTH PACIFIC







## **OUR MISSION**

#### **WE WILL:**

- × Promote the Exchange as the preferred investment and capital raising option
- Work with a secure information technology infrastructure and innovative, timely and reliable systems that support efficient delivery for security trading
- × Comply with international best practices in the securities industry









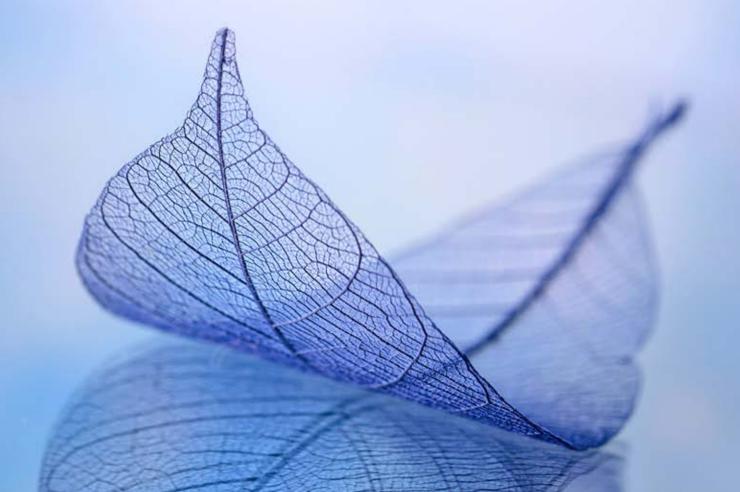


## **OUR CORE VALUES**

- × INTEGRITY
- × ETHICS
- × ACCOUNTABILITY –
- × INCLUSIVITY
- Uphold integrity at all times
- Maintain the highest level of ethical standards
- Remain accountable to our stakeholders at all times
- Commit to ensure that diversity and equity is maintained in our corporate culture

# **Table of Contents**

Listed Entity Information	2-3
Board of Directors	4-5
Team SPX	6
Chairperson's Report	7-9
Acting Chief Executive Officer's Report	10-13
Corporate Governance	14-17
Market Report	18-30
Investor Profile	31-36
Development Report	37-39
Financial Statements	40-69



# **Listed Entity Information**



#### Atlantic & Pacific Packaging Company Ltd (APP)

#### Date Listed: 17 Aug 98 | Listing Day Market Price (Close): \$0.70

Is the provider of packaging solution to FMF Foods Group of companies as well as to a number of other customers both locally and regionally; Tonga, Samoa, American Samoa and Vanuatu. It has specialised machines that produces a vast range of packaging materials including corrugated cartons, assorted containers and bags for any industry. APP's strongpoint is its ability to fast-track the design-to-delivery cycle due to its high flexibility in its production processes and in-house graphic capabilities. APP's production facility and processes are Certified under ISO: 9001:2000 to provide the best quality and service.



#### **Amalgamated Telecom Holdings Ltd (ATH)**

Date Listed: 18 Apr 02 | Listing Day Market Price (Close): \$1.14

Provides telecommunication services in Fiji and enhances the network of telecommunications, development of internet services and provision of computer hardware and software with technical support services through its subsidiaries; Telecom Fiji, Vodafone, FINTEL, Fiji Directories and Datec (Fiji) Ltd. Within the last years, the ATH Group has also expanded its footprint in the region, acquiring companies in Vanuatu, Kiribati, Samoa, American Samoa, Cook Islands and Papua New



Communications (Fiji) Ltd (CFL)
Date Listed: 20 Dec 01 | Listing Day Market Price (Close): \$1.15

Is the largest radio broadcasting company in the South Pacific and operates five radio stations in Fiji and under its subsidiary company; PNG FM, a further three stations in PNG. CFL has developed a range of profit centres that compliment the power of radio networks. These profit centres includes; Total Event Company, FijiVillage, CinemaAds and TV commercials.



#### Free Bird Institute Ltd (FBL)

Date Listed: 02 Feb 17 | Listing Day Market Price (Close): \$2.00

Operates the first English only language institute catering only to international students who choose Fiji as their study abroad destination. It also provides an in-house insurance scheme along with foreign exchange services exclusively for its Japanese market. FBL has also diversified its operations to include the recruitment of human capital on behalf of its overseas based clients and has started its Japanese language school to cater for the demand by their overseas based clients. FBL also operates a driving school and restaurant business.



#### FijiCare Insurance Ltd (FIL)

Date Listed: 07 Dec 00 | Listing Day Market Price (Close): \$0.60

Is a general insurance company specialising in medical, term life, mortgage protection, personal accident, wagecare, public liability, funeral, motor vehicle insurance and micro insurance. FIL is currently diversifying in other products and services to meet the needs of the people in the Pacific Islands.



**#FijiCare** 

### FMF Foods Ltd (FMF)

Date Listed: 25 Jul 79 | Listing Day Market Price (Close): \$0.06\*

Deals in activities of flour milling and its subsidiaries are engaged in manufacture of biscuits, snack food products, packaging materials, sale of rice, dunfield peas, wheat and related products. With growth in demand from both local and export markets, FMF has extended to manufacturing wholemeal flour, semolina, noodle flour, and other associated and specialty products such as wheatgerm, chakki flour, atta flour, pea flour (besan) and premixes. FMF has also added new businesses to the original business of flour milling. This includes; milling of peas, biscuit manufacturing, snack manufacturing of potato chips, dalo (taro) & cassava chips, noodles manufacturing and cardboard carton manufacturing.



#### Fiji Television Ltd (FTV)

Date Listed: 24 Apr 97 | Listing Day Market Price (Close): \$1.02

Provides free to air commercial television broadcasting services in Fiji. FTV also sells program rights to other Pacific Island Countries and offers TV production, advertising, online, radio, and outside broadcasting services. FTV is also involved in the sale and service of radio, television, and communication products.



#### **Kontiki Finance Ltd (KFL)**

Date Listed: 04 Jul 18 | Listing Day Market Price (Close): \$1.14

Provides accessible and flexible finance solutions targeted mainly at consumers and small-to-medium enterprises. KFL's key products include debt consolidation, financing personal loans, financing of new and used motor vehicles, white goods, brown goods, furniture and technology products. For its retail and motor vehicle dealer partners, KFL is a full-service provider of accessible and easy-to-understand financing solutions that allows it to better serve its client relationships by managing credit applications, credit authorisation, billing, remittance and customer service processing.



#### **Kinetic Growth Fund Ltd (KGF)**

Date Listed: 16 Dec 04 | Listing Day Market Price (Close): \$1.05

Invests shareholders funds in private equity projects and shares in Kontiki Fund with an objective of generating high growth returns for shareholders over the long-term.



#### Paradise Beverages (Fiji) Ltd (PBF)

Date Listed: 11 Feb 97 | Listing Day Day Market Price (Close): \$2.65\*

The principal activities of the PBF group are the manufacture and sale of beer, ready-to-drink alcoholic beverages as well as the distillation and sale of portable and industrial alcohol.







#### Pleass Global Ltd (PBP)

#### Date Listed: 04 Feb 09 | Listing Day Market Price (Close): \$0.94

A diverse and growing corporation principally engaged in production and marketing of bottled water, establishing a state-of-the-art bottling operation at source. Pleass operates a business unit selling single use daily items and manufacture of packaging items and also operates adventure eco-tourism services and is in the establishment phase of organic farming and property development.



#### Port Denarau Marina Ltd (PDM)

#### Date Listed: 14 Aug 19 | Listing Day Market Price (Close): \$1.40

Owns and operates a world-class multi-use marina facility on Denarau Island in Nadi. It strives to be the leading marina facility in the Pacific, providing exceptional customer service with safe and healthy facilities, ensuring the enhancement of Fiji's nautical tourism industry while protecting her distinct marine environment for future generation. PDM is ideally positioned to provide a stopover for rest, recreation and provisioning during cruising of the Fijian Islands. The fast-developing marina complex is the centre of yachting activity in Fiji, it is accessed through a well-marked channel that is 5 metres deep. The basin contains 52 fully serviced berths and 16 swing moorings including 20 berths capable of taking Superyachts up to 85 metres in length with 5 metres draft.



#### Pacific Green Industries (Fiji) Ltd (PGI)

Date Listed: 05 Jun 01 | Listing Day Market Price (Close): \$1.90

Engages in design, manufacture and sale of furniture and architectural products made from coconut palmwood.



#### RB Patel Group Ltd (RBG)

#### Date Listed: 17 Jul 01 | Listing Day Market Price (Close): \$0.21\*

Has a diversified business portfolio and is involved in supermarket, department store, distributors, importers, exporters, wholesalers and property development and is the only publicly listed supermarket chain in Fiji. The company's wholesaling arm is complementary to the core business as it wholesales products it imports. As a result, RBG benefits from cost and operational synergies present across its business segments.



## The Rice Company of Fiji Ltd (RCF) Date Listed: 20 Jan 97 | Listing Day Market Price (Close): \$0.50

 $Is\ engaged\ in\ grading,\ packing\ and\ selling\ rice\ which\ is\ a\ staple\ food\ for\ many\ households.\ RCF\ has\ developed\ a\ highly\ efficient$ processing line using fully automated machinery and has installed a rice sorter in the processing line to remove any foreign particles and unwanted bits and pieces so that every bag of rice is safe and of top quality. RCF has four varieties of rice that cover most preferences and recipe requirements; Calrose medium grain rice, Australian long grain rice, Thai/Vietnamese long grain rice and the fragrant Jasmine rice.



#### Toyota Tsusho (South Sea) Ltd (TTS)

#### Date Listed: 07 Jun 79 | Listing Day Market Price (Close): \$1.95

Trading as Asco Motors, TTS operates through dealerships which are strategically located throughout Fiji, Tonga, Samoa and American Samoa. The company markets Toyota, Yamaha, Massey Ferguson, Bridgestone, Kobe, other world proven products and also operates the Avis franchise. In each region that Asco Motors operates, it is the market leader in many of the market segments and has been operating in the Pacific for nearly 100 years. Initially part of the Burns Philp Group, the company has been majority owned by Toyota Tsusho Corporation since 1998.



#### V B Holdings Ltd (VBH)

#### Date Listed: 01 Nov 01 | Listing Day Market Price (Close): \$1.28

Engages in property investment, financing of vehicles sold by related entities, fleet management services and other investments. Generally, VBH is known to be a company that operates through property management and fleet management segments.



#### Vision Investments Ltd (VIL)

#### Date Listed: 29 Feb 16 | Listing Day Market Price (Close): \$1.70

A diversified and successful business enterprise with a solid track record of growth and sustained earnings and a long history of trading in Fiji. In 2020, a division of VIL, Courts commemorated 100 years of operation in Fiji. The Company comprises of a mix of established and mature businesses with solid track record of profitability and other relatively new businesses in early stages of growth and profitability. Currently VIL Group consists of Courts, SportsWorld, Best Buys for Business, Carpets International, Vision Motors, Mahogany Industries (Fiji), Vision Finance and Home & More in PNG.



#### Fijian Holdings Ltd (FHL)

#### Date Listed: 20 Jan 97 | Listing Day Market Price (Close): \$0.18\*

Was incorporated in 1984 to fulfil the objectives of the leaders of the iTaukei people, creating an entity that meaningfully represented iTaukei in the business sector and ensured their meaningful participation in the Fijian economy. Its investments give the iTaukei significant shareholding in major companies thus helping to achieve the objective of bringing the iTaukei fully into the mainstream of Fiji's economy. FHL is a principal investment firm specializing in investing in the manufacturing, building and construction, tourism, property, financial services, media and communications and retail sectors.



#### **BSP Convertible Notes Ltd (BCN)**

#### Date Listed: 11 May 10 | Listing Day Market Price (Close): \$5.25

Is a wholly owned subsidiary of BSP Financial Group Limited and has been incorporated in Fiji as a special purpose vehicle with limited powers under its Memorandum and Articles of Association.

<sup>\*</sup>Adjusted for Share Splits



## Board of Directors



#### From Left:



### **Board of Directors Profile**

#### Dr Nur Bano Ali (Chairperson)

#### Chairperson Governance Committee, Member Listing and Compliance Committee, Member Audit and Finance Committee

Dr Ali is a Business Adviser and practicing Accountant and has been a member of the Accountancy profession for 30 plus years. She is the Managing Partner of PKF Aliz Pacific, one of Fiji's most respected Chartered Accounting and Business Advisory firms, working both locally and internationally. Her PhD was obtained from the University of Waikato in Hamilton, New Zealand, in the subject of Accounting for Development which was contextualized for Fiji through the study of the Fiji Development Bank and its effectiveness as a development institution. She works with businesses for their growth, sustainability and continuity through re-structure, re-modelling and optimizing on the principles of commercialism. With her many years of experience in the business and commercial space and having served on various Corporate and Statutory Boards for a number of years, she is highly regarded as a contributor to the development of business and commerce in Fiji. Additionally, as one of Fiji's most prominent business people she plays a leading role as a representative of private sector interests through her various roles such as the President of the Fiji Chamber of Commerce and Industry and Council member of the Fiji Australia Business Council. Dr Ali is also an advocate for women, in particular their commercial involvement, highlighted by her role as President of Women in Business Fiji, of which she is also a founding member. She is also the Deputy Chancellor of the Fiji National University and Deputy Chairperson of the Pacific Corporate Governance Institute which has been set up as an initiative of the International Finance Corporation (IFC). Dr Ali is also a recipient of the "Officer of the Order of Fiji" (OF) for her distinguished services to Fiji. The latest accolade added to her impressive career and contribution to Fiji was her being given the commemorative medal on the 50 year Independence of Fiji in 2020.

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#### Mr Saiyad Hussain (Deputy Chairperson)

#### Chairperson Audit and Finance Committee, Member Listing and Compliance Committee, Member Governance Committee

Mr Hussain is the Acting Chief Executive Officer of the Fiji Development Bank. He also serves as the Company Secretary for the Bank. Mr Hussain is a Chartered Accountant by profession and is also a member of the Australian Institute of Company Directors and a Member of the Fiji Institute of Bankers. Mr Hussain has a Postgraduate Diploma in Banking and Financial Management and also holds a Bachelor of Arts Degree in Accounting and Financial Management, Economics and Public Administration and Management from The University of the South Pacific.

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#### **Ms Janice Nand**

#### Chairperson Listing and Compliance Committee, Member Governance Committee

Ms Nand has over 20 years' commercial experience as an international lawyer, adviser and trainer. She has a Masters Degree in Law majoring in International Trade & Alternate Dispute Resolution (ADR). She has an undergraduate degree in Information Technology and specialises in Digital Transformation, Data Protection, Privacy and Cyber Security. She is an entrepreneur and is Principal of her Law Firm, Solved Legal and Director of the ICT company, Solved (Fiji) Pte Limited. Ms Nand has worked for major international firms and as an in-house corporate counsel for large regional and global organisations and brings with her years of international experience solving complex problems which leverage innovative agile solutions and accelerated transformation. Ms Nand has global fundraising experience from public, private and philanthropic organisations across many domains, most recently in Ocean and Climate Funding. She is currently serving many organisations in Fiji as a Board member, General Counsel and Strategic Adviser and specialises in advising boards and senior executives how to navigate the evolving threat landscape, governance, risk and compliance issues, cyber breaches, incident response management, business resilience, data privacy and trust compliance, vendor selection, corporate due diligence and contracts management. She conducts seminars and corporate training to promote the adoption of best business practices and influence executive leaders within an organisation with solutions requiring strategic and multidisciplinary analysis and advice. Ms Nand is passionate about putting people before profits, ensuring good corporate governance, promoting the use of ADR and empowering women and youth.

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#### Ms Rowena Fong

#### Member Audit and Finance Committee, Member Listing and Compliance Committee

Ms Fong is currently the Chief Executive Officer of Merchant Finance Limited. She has been with the Fijian Holdings Group since 2005 where she has held various senior management positions and directorships within the subsidiaries and associate companies in the capital markets, properties, logistics, manufacturing and finance industry. She holds a Master's in Business Administration from The University of the South Pacific (USP), a Graduate Certificate in Applied Finance & Investment from FINSIA and a Bachelor of Arts majoring in Management & Public Administration and Information Systems from USP. She has also successfully completed the Australian Institute of Company Fiji Directors (AICD) Course and is a member of the AICD.

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#### Mr Gyanesh Rueben

#### Member Audit and Finance Committee

Mr Rueben is currently the Head of Investments with BSP Life (Fiji) Limited. He has more than 17 years of professional experience in Accounting & Financial Management, Risk, Governance, Investments & Portfolio Management. Prior to joining BSP Life, Mr Rueben served with Unit Trust of Fiji (Management) Limited for 15 years as the Head of Finance & Operations and as part of Executive Management Team. Mr Rueben has a Master's in Business Administration, Post Graduate Diploma and Degree in Commerce & Financial Management from The University of the South Pacific. He also has a Post Graduate Certificate in Applied Finance from Kaplan Professional University in Sydney, Australia. Mr Rueben is a senior associate with the Financial & Securities Institute of Australasia (SA-FINSIA) and is a member of the Australian Institute of Company Directors (AICD).



## Team SPX



#### From Left:

JOANA RARASEA - Team Leader Depository | RASHA ALI - Manager Legal & Company Secretary
ASHLY PRASAD - Markets & Financial Analyst | SHIVANI CHAND - Clearance & Settlement Officer
RAVIKESH RAM - Accounts Officer | SHALVINA DEO - Trustee Officer | LOSALINI RABUKA - Registry & Administration Officer
SWASTIKA RAM - Financial Accountant | SHYAMA VERMA - Listing & Compliance Officer

#### **Front Centre:**

PRETESH PRASAD - Acting Chief Executive Officer





#### Dear Shareholders

On behalf of the Board of Directors and Management of the South Pacific Stock Exchange Pte Limited (SPX), I take this opportunity to present to you the 41st Annual Report of the SPX for the 2020 financial year. This report covers an overview of the operational aspects and development initiatives undertaken for SPX and its subsidiary, Central Share Registry Pte Limited (CSRL).

#### Introduction

The 2020 financial year was a period when resilience and adaptability of all businesses was tested while it had Governments operating in a context of radical uncertainty faced with difficult trade-offs given the health, economic and social challenges triggered by the COVID-19 pandemic. Beyond the health and human tragedy of the pandemic, it is now widely recognised that COVID-19 has triggered the most serious economic crisis in recent times. According to the economic data published by the Reserve Bank of Fiji (RBF), the Fijian economy is expected to contract sharply by 19% in 2020 due to the economic challenges in the face of COVID-19, profound impact on Fiji's tourism sector and its knock-on effects throughout the economy's associated business segments and supply chains as well as imprecise business and consumer confidence.

Upon confirmation of the first case of COVID-19 in March 2020, the Fijian Government reacted quickly and decisively implemented various measures such as closure of borders, lockdowns and social adaptation and distancing procedures to control the spread of the

virus. Subsequently, in order to address the imminent economic contraction, the Fijian Government implemented a number of strategies to restabilise the Fijian economy, including; concessional loan packages for Micro, Small and Medium Enterprises, access to superannuation for immediate financial relief to its members, grant of repayment holidays by hire purchase companies, licensed credit institutions and banks and initiation of new initiatives to revive the tourism sector, such as the Blue Lanes initiative.

The highly anticipated World Exchange Congress (WEC) event planned for June 2020 to be hosted by SPX was postponed due to the health and safety concerns of all attendees as well as the impact on international travel through closure of borders disallowing international delegates to participate.

On the local equities front, through this volatile phase, SPX market remained open showing adaptability and our responsiveness to such unprecedented events including the un-disrupted work from home arrangements in light of the lockdown period. SPX also responded with regulatory relief measures through extension of deadlines for publication of audited financial statements and annual reports for listed entities.

In terms of key market statistics, the aggregate market capitalisation after reaching an all-time high of \$4.21 billion during January 2020, descended by 15.77% ending the year at a value of \$3.47 billion. The SPX Total Return Index (STRI), which is based on market capitalisation weighting of each listed entity also mirrored the descent in market value registering a fall of 15.16%. Showing divergence, the SPX Equal Weighted Total Return Index which



weighs each listed entity equally without being skewed by the heavyweights, rose by 7.83% and maintained its consistency with the average total stock market return for the year which stood at 9.07%.

#### **Development Activities**

Marked with challenges and uncertainties during the year, the SPX Board and Management reviewed the 2020 Action Plan to re-prioritise its planned outputs for the year while placing strong emphasis on the core operations of the SPX Group and to ensure the Group remains efficient and inventive in the current difficult business environment. The key undertakings for the year are presented below:

#### **Digital Transformation**

In 2020, SPX launched a newly designed and high-end fully-responsive website with an improved functionality depicting a refreshed look of the SPX through its online presence. The SPX website is considered as an information hub by various users and as such needs to maintain its competitiveness not just in terms of informative and accessible content but site aesthetics and imagery as well. The earlier website while serving the purpose, had not been changed for more than 10 years, however, over the years internet accessibility as well as website standards have evolved substantially. This resulted in SPX undertaking the website revamp project with urgency and to ensure that SPX remains at the forefront of digital transformation.

Additionally, to assist SPX listed entities complete the digital reregistration process aimed towards developing a modern and digital Fijian economy, CSRL undertook enhancement to its existing share registry system by developing a standardised batch upload template that can be used by CSRL clients in meeting the re-registration requirements of the Registrar of Companies.

#### **Wholesale Corporate Bonds**

As part of the 2020-2021 National Budget, the Fijian Government announced various tax incentives for issuers as well as for investors paving the way forward for the SPX to explore and initiate the Wholesale Corporate Bond market in Fiji. To advance the development of this market, SPX through technical assistance from IInternational Finance Corporation (IFC) undertook relevant work related to the formulation of the Over the Counter (OTC) Listing and Trading Rule Book which will become the regulatory manuscript for the issuance and listing of Wholesale Corporate Bonds on the SPX platform.

#### **New Subsidiary Business - SPX Trustees Limited**

Inter-linked with the Wholesale Corporate Bond project, SPX undertook preliminary work to establish a new trustee business as a subsidiary of the SPX. SPX Trustees Limited (SPXT) will be licensed by the RBF responsible for providing trustee services for bondholders as well as for beneficiaries under Energy Fiji Limited.

#### **Update of Legal Framework**

In 2020, SPX invested its resources towards enhancement of SPX Group's Governance, Risk and Compliance (GRC) framework to develop an integrated approach in managing the Group's corporate governance program, risk management program and compliance with industry regulations. The year 2021 will see individual policies under each program being further developed.

#### **Investor Awareness**

In an embryonic market such as ours, investor awareness plays a pivotal role as these mediums are long-term channels which can pave the way towards increasing the breadth, depth and liquidity of our market. Our quest for innovative investor awareness activities continued in 2020 with an intention to empower and raise the level of financial literacy amongst the general populace. Continuing from the previous year, SPX focused on social media channels to promote investment opportunities in the stock market. SPX also produced various other publications on weekly as well as monthly basis to keep the stakeholders informed on our development and the latest trends while innovating our publications through use of captivating infographics for greater recognition amongst our intended audience.

#### 2021 Outlook

SPX's future is intricately linked to its ability to execute its current strategies and business prospects while overcoming the challenges presented in the current economic environment. While every crisis presents its own challenges, it also presents opportunities for businesses to become creative and re-invent the way of doing business. SPX is no different and is already exploring strategies to respond through initiatives such as advancing the initiation of the Wholesale Corporate Bond market which will increase the multiplicity of products offered through the SPX platform. Once the regulatory environment and the necessary requisites are in order, SPX intends to work in conjunction with key stakeholders and pursue outreach activities to ensure materialisation of this new initiative.

In a pro-active response to the current business environment, in 2021, the SPX Board aims to convene a comprehensive meeting to formulate a detailed three-year Strategic Plan. Covering the next three financial years, this Plan will carve a new era of development and future for the SPX group. As such, SPX will continue to engage with key stakeholders to help us build an effective strategy, ensuring business growth enhancement of shareholder value.

#### Acknowledgement

My gratitude and thank you goes to the Board members, the Acting Chief Executive Officer, Management and Staff of the SPX Group for their commitment and willingness to adapt to the new normal and their undeterred innovation and optimisation of resources during an unprecedented year. I also wish to thank the outgoing Chief Executive Officer, Ms Krishika Narayan for her service to the SPX Group.



My special appreciation goes to the Government of Fiji for their continued assistance in the form of the market development grant while also continuing to offer various tax incentives for both listing of equities as well as for Wholesale Corporate Bonds as this commitment makes listing and investing on the SPX an attractive option to consider for capital raising and wealth creation.

Finally, I wish to acknowledge the support and partnership from the industry regulator, Reserve Bank of Fiji, listed entities, stockbrokers, investment advisers as well as the investment community.

The SPX Board looks forward to working with our Management in building sustainable value for all stakeholders as we strive to overcome the prevailing economic challenges and to develop a more vibrant capital market in Fiji.

Dr Nur Bano Ali Chairperson





#### Dear Shareholders

It is both an honour and a privilege to have been appointed to serve as the Acting Chief Executive Officer of the South Pacific Stock Exchange Pte Limited (SPX or Exchange) and its subsidiary company Central Share Registry Pte Limited (CSRL). Through this write-up, I take this opportunity to present my first report since being appointed in July 2020.

The year 2020 will be remembered as an extraordinary year with the unexpected emergence and the viral spread of the COVID-19 pandemic thoughtlessly overtaking the whole world by storm. The toll of the pandemic on lives and livelihoods created unprecedented disruptions and reversed growth prospects placing economies firmly on trail of a severe recession. Notwithstanding these challenges and not minimising the true costs of the pandemic on people and countries, SPX demonstrated its resilience during 2020.

Earlier in the year, due to disruptions on international travel and closure of borders, SPX felt an initial sting with the postponement of the much-awaited World Exchange Congress (WEC) event that was to be held in June 2020. As of this writing, rescheduling of the WEC event remains uncertain.

As the effects of the pandemic became clearer, SPX acted quickly in its role as the front-line regulator. The deployment of work from home arrangement in light of the lockdown period, the creation of COVID-19 protocols in controlling the spread of the virus and the extension of deadlines for filing of audited financial statements

and annual reports as part of the regulatory relief offered to listed entities, were some of the pertinent measures that the SPX had to rapidly put in place to cope with the situation stemming from the COVID-19 pandemic. Additional measures that were put in place related to disinfection of office premises, regular cleaning, controlled access to office premises and the conduct of meetings via virtual methods.

SPX, however, did not merely operate in crisis mode, advancing strategic initiatives during 2020. SPX devoted significant resources to establishing the regulatory framework for the issuance and listing of Wholesale Corporate Bonds on its platform. Additionally, SPX completed preliminary work required to establish a new subsidiary company that will provide trustee services. Registration for the new trustee company, SPX Trustees Limited (SPXT) has been completed and barring any unforeseen disruptions, we expect to proceed with the full establishment of SPXT and the finalisation of the regulatory environment for Wholesale Corporate Bonds during the first half of the 2021 financial year.

#### Stock Market Performance

On the local equities front, Fiji's Stock Market was not left unscathed amidst the economic turmoil, although there was substantial variation in returns amongst listed securities. Some listed entities in reassessing their financial projections amid the rapidly shifting landscape of the global economy, decided to delay or suspend dividend announcements or decrease dividend payments. Other listed entities continued to pay the same level of dividend as previous years.



Owing to the investor sentiments and the economic challenges, the aggregate market capitalisation after reaching an all-time high of \$4.21 billion during January 2020, posted a fall of 15.77% ending the year at \$3.47 billon. This decrease, however, reflects the fact that heavyweight companies saw share price declines, whilst the average return remained positive. SPX's two market indices show this divergent pattern. The SPX Total Return Index (STRI), which is a market capitalisation weighted index, mirrored the descending market capitalisation trend and recorded a fall of 15.16% concluding at a value of 8,091.89. On the contrary, the Equal Weighted Total Return Index (EWTRI), which weighs each listed entity equally, gained 7.83% concluding the year at a value of 10,992.62.

From the perspective of market activity, investors were seen to realign their saving, investment and consumption priorities and paying attention to their cash flows more than ever before, however, at the same time, investors with surplus cash were seen to take advantage of the lower prices and extended their investment portfolios maintaining a long-term focus for greater returns from their investments in shares of SPX listed entities. Simultaneously, keeping in mind the long-term growth opportunities, existing investors were seen to participate in corporate actions such as Dividend Reinvestment Plans and Rights Issues offered by certain listed entities during 2020.

In terms of shareholder returns, the average total stock market return noted a fall in 2020, however, remained positive for the I 0th consecutive year and concluded at 9.07%, well within the long-term average return.

As for the trading statistics, the prevailing economic conditions weighed heavily on the market activities which stood lower for the 2020 financial year in comparison to the prior period as tabulated below:

Particulars	Inclu	udes One-Off Transact	tions	Excludes One-Off Transactions			
	2020	2019	% Change	2020	2019	% Change	
Number of Trades	2,768	3,551	-22.05%	2,755	3,544	-22.26%	
Volume Traded	9,062,912	27,911,775	-67.53%	4,788,097	14,197,346	-66.27%	
Value Traded (\$)	ded (\$) 19,252,678 55,637,386		-65.40%	9,684,444	22,267,762	-56.51%	

#### Financial Performance

The SPX Group's financial performance reflects the challenging operating environment that prevailed during the 2020 financial year. Despite these challenges, SPX maintained a net profit after tax for 2020. The key financial indicators from 2018 to 2020 are tabulated below:

Group Financial Performance	2020	2019	2018	
Operating Revenue*	\$1,213,307	\$1,620,433	\$908,855	
Operating Expenses**	\$898,624	\$1,206,856	\$875,761	
Net Profit After Tax	\$288,830	\$533,089	\$240,972	
Total Assets	\$6,157,769	\$6,327,608	\$2,705,562	
Net Assets	\$1,928,423	\$1,639,593	\$1,106,504	

<sup>\*</sup> Excludes Government Grant

<sup>\*\*</sup> Excludes Depreciation and Amortisation



#### Strategic Goals

Resounding the realities of the effects of the COVID-19 pandemic, SPX realigned its 2020 Action Plan from the existing three-year Strategic Plan. Nonetheless, attention was paid to each of the strategic goals to ensure the overall success of the SPX Group.

As part of efforts to further broaden the legal and regulatory framework of the Exchange, the SPX introduced an internal audit function with the intention to obtain an insight on the SPX Group's policies and procedures and to provide an independent assurance that the organisations risk management, governance, compliance and internal control processes are operating effectively. This also assists the board and management to maintain an oversight on operations of the different functions within the Group. The audit function is also extended to compile objective findings and make recommendations for corrective measures where required. Further resources were also allocated towards enhancing the SPX Group's Governance, Risk and Compliance (GRC) framework to develop a structured and an integrated approach in managing the Group's corporate governance program, risk management program and compliance with industry regulations. Individual policies under each program will be further developed during the 2021 financial year.

On the product diversity front, following the announcement of various tax incentives in the 2020-2021 National Budget to encourage the listing of Wholesale Corporate Bonds, SPX with technical assistance from the International Finance Corporation (IFC) vigorously pursued the initiation of the Wholesale Corporate Bond market in Fiji and substantial amount of work was undertaken in developing the Over the Counter (OTC) Listing and Trading Rule Book which lays the foundation for the issuance and listing of Wholesale Corporate Bonds on the SPX platform.

In terms of new investors, a total of 260 new investors entered the Fijian stock market in 2020. This was lower in comparison to the 2019 financial year mainly due to mixed investor sentiments and an understandable lack of new listings in the uncertain environment of 2020.

SPX continued its vigorous pursuit of investor awareness initiatives, mainly through the digital and social media platform. Due to the unpredictable impact on business operations during the current crisis, SPX enhanced its emphasis for investors to consider a long-term approach to investing and to keep in mind the wise financial advice to buy low and sell high, a pathway which can help the investors generate greater returns over the long-term. SPX also continued to compile and publish key investor information in the form of Insight articles for the benefit of existing as well as potential investors. In 2020, a total of 14 Insight articles were published and SPX received accolade for this initiative from various stakeholders.

Technologically, SPX made significant improvements, both to public-facing and back-end systems, including the launch of a newly designed and high-end fully-responsive website and enhancements done to CSRL's ShareSoft system. The launch of the revamped online presence through a new website ensures that SPX remains

at the forefront of digital transformation which would assist the Exchange to remain a key player in Fiji's overall financial market structure. In order to assist CSRL's client companies to complete the digital reregistration process with the Registrar of Companies (RoC), enhancement was undertaken to develop a standardised batch upload report with relevant shareholder details as per the RoC's requirement. This enhancement eases the burden on listed entities as well as other CSRL clients in complying with the timely filling requirements as required under the Companies Act 2015.

SPX continues to emphasise on training initiatives for our staff and industry participants. Given the restriction on international travel and various social distancing measures instituted by authorities, attention was paid on virtual trainings and those offered locally. In order to enhance the skills and knowledge of our staff, focus was placed on trainings surrounding financial statement analysis, anti-money laundering, information technology linked to the use of Microsoft office applications, self-leadership, business communication, health and safety, tax policy reforms and those offered by institutions such as Fiji Institute of Accountants and The University of the South Pacific. Additionally, as part of our ongoing regulatory process, SPX managed to undertake specialised trainings for the stockbrokers focused mostly on their day-to-day operations as stockbrokers related to asset allocation, portfolio construction and wealth management. Additional trainings for brokers focused on their conduct, trading rules, managing clients, trading and settlement processes and proper use of trading system and this was supplemented by the yearly stockbroker examination.

#### The Year Ahead

Uncertainty associated with the COVID-19 pandemic still dominates the global economy heading into 2021. Even with the rollout of vaccines in several countries, restrictions on travel and other activities mean the economy of 2021 will look different than the economy of 2019. Generally, the Fijian economy like every other impacted economy faces the unprecedented challenge of managing the consequences of the COVID-19 pandemic considering the efforts required towards a long ascent back to pre-pandemic levels of economic activity. Every crisis comes with a lesson and an opportunity to change and progress. Our authorities had stepped in early and under took suitable measures to successfully control the spread of the virus and we are confident that the measures that are being taken by the Government will be sufficient to dampen the negative impact, paving the way for a return to a strong recovery.

In spite of the present indeterminate environment, SPX, as the front-line regulator of the stock market will continue to innovate and strive to improve its services and position the SPX group as a service-driven and operationally excellent organisation. The SPX intends to maintain its engagement with its listed entities, stockbrokers and investors to ensure timely and balanced disclosures as well as dissemination of pertinent information to assist investors in making informed investment decisions while also providing access to capital raising and trading/investment platform



for the investors and businesses with an aim to ensure efficiency of capital allocation while supporting a broader financial stability. The Exchange serves as the bridge between entrepreneurs, innovators, savers and investors, thereby enabling the promotion of economic recovery and growth.

On the business evolution front, SPX aims to continue promoting the incentives in existence for companies to consider listing on the SPX and we also expect to advance into launching a market for the issuance of Wholesale Corporate Bonds through the SPX platform. This new development will certainly increase the range of listed investible products on SPX and will offer a new platform for businesses wishing to raise capital.

### Acknowledgement

I would like to conclude with a deep sense of gratitude towards the SPX Chairperson for her sterling leadership and the Board of Directors for their valued guidance, deep commitment, advice and unwavering support in a challenging year.

I extend my appreciation to the Government of Fiji for the continued effort in promoting the development of the stock market both in form of their ongoing financial support through government grant and as well as various tax incentives.

I also commend my team for their commitment, diligence and professionalism which assisted me in steering the SPX Group through one of the most challenging economic environments we have faced. I thank all the stakeholders of the SPX Group including the stockbrokers, listed entities and the Reserve Bank of Fiji for the collaborative relationship.

It is likely that we will continue to see volatility across our market in the coming financial year, however, I remain confident that the key role played by the SPX in the financial services sector will consistently strengthen going forward.

Thank you.

Mr Pretesh Prasad
Acting Chief Executive Officer





## **Corporate Governance Disclosures**

**FOR THE FINANCIAL YEAR ENDED ON:** 3 lst December 2020

#### Introduction

The Board of Directors of the South Pacific Stock Exchange Pte Limited (SPX) is accountable to its shareholders for the overall direction and control of the Company. Reflecting on this assurance, the SPX is committed to the utmost level of governance designed to protect the interests of its shareholders and all other stakeholders while promoting the ultimate standards of integrity, transparency and accountability. This reiterates SPX's commitment to maintain the highest levels of corporate governance throughout the Company to ensure that the SPX's governance processes and structures comply with the relevant legislation and with international best practice.

SPX's integrated governance framework is designed to ensure that it draws a clear portfolio of direction for the organisation which is aligned to the overall vision, strategy and goals decided by the Board of Directors. Governance enables the Board to make the right decisions on projects and opportunities which will be captured in order to accomplish the organisation's vision, growth and future needs.

The governance decision making processes are rigorous and robust in order to support the establishment of long-term value for shareholders. At SPX, governance is not just a matter for the Board but is also the responsibility of the Management, and is embedded throughout the organisation. The framework adopted by the Board and Management is outlined below and demonstrates the cohesive approach to governance that SPX believes is necessary to optimise business outcomes.

Principle	Requirement	Compliance Status		
I. Establish clear responsibilities for board oversight	Separation of duties: Clear separation of duties between Board and Senior Management.	The roles and responsibilities of the SPX Board and its subsidiaries are defined in the respective Board Charters. The Charter also details the matters reserved for the Board and matters that have been delegated to Management with oversight by the Board.		
	Board Charter: Adopt a Board Charter detailing functions and responsibilities of the Board.	The roles and responsibilities of the Board are defined in the respective Board Charter  The Board of SPX is ultimately responsible for the oversight and review of manage administration and the overall governance of the Company and its strategic direction.  This includes:  the protection of Shareholders' interests by seeking to ensure that SPX's strategic dir provides value for its shareholders;  establishing goals for management and monitoring the achievement of those goals;  authorising policies and overseeing the strategic implementation of these policies; ar  seeking to ensure that SPX's internal control and reporting procedures are ade effective and ethical.		
2. Constitute an effective Board	Board Composition: Balanced Board Composition with Executive and Non-Executive Directors of which 1/3rd of total number of Directors to be independent Directors.	The Corporate Governance Principles affirm that the majority of the Board should be independent. The SPX Board has five (5) Directors, which includes two (2) independent Directors (including the Chairperson).		
	Gender Diversity: Do you have a policy for promoting gender diversity at Board level and have you achieved your policy goals?	The SPX Corporate Governance Principles provide that the Board must ensure it maintains an appropriate mix of skills and experience without gender bias. As such, SPX has adopted the same provisions in its Charters. Three (3) out of five (5) Directors of the SPX Board are females. The Company Secretary on the SPX Board is also a female.		
	Nomination Committee: Selection, approval, renewal and succession of Directors to be conducted by Nomination Committee in accordance with Articles of Association of the Company and Fit and Proper Policy of Reserve Bank of Fiji (RBF).	The SPX Governance Committee assists SPX in fulfilling its oversight responsibilities regarding the remuneration, succession and recruitment of Directors, Executives and other SPX Group employees. The Governance Committee is comprised of two (2) independent Directors. The Chairperson of the Governance Committee is an independent Director. The Directors of the SPX Group are appointed by the Board upon confirmation and after successful due diligence by the Reserve Bank of Fiji (RBF).		
	Board Evaluation: Process of evaluation of performance of the Board, its Committees and individual Directors. Evaluation to be linked to key performance indicators of the Company.	SPX has a process for periodically evaluating the performance of the Board, its Committees and individual Directors. The Governance Committee reviews at least annually the processes by which the Board assesses its own performance in meeting its responsibilities. It is intended to extend the assessment of the Board as a whole to include an assessment of the contribution of each individual director. The Board is cognisant of the need to continually identify areas for improvement; to ensure that it meets the highest standards of corporate governance; and for the Board and each director to make an appropriate contribution to the Group's objective of providing value to all its stakeholders. The performance review is facilitated annually by the Company Secretary.		



Principle	Requirement	Compliance Status
Trinciple	· ·	· · · · · · · · · · · · · · · · · · ·
	Directors Training: Directors' training and induction procedure to be in place to allow new directors to participate fully and effectively.	On joining the SPX Board, new Directors are provided with an Appointment Letter setting out the terms of the appointment and a Board induction pack which includes the following:  SPX Articles of Association SPX Board Charter SPX Board Committee Charters SPX Listing Rules SPX Business Rules Companies Act 2015 and Companies Regulations With other relevant/updated and/or recently introduced SPX policies, procedures, guidelines
		In particular, the Appointment Letter specifies the term of appointment, expectations in relation to time commitment, the Director's remuneration arrangements, the Director's disclosure and confidentiality obligations, the Director's indemnity entitlements, and SPX Group's key corporate governance policies.
	Board Sub-committees: Board must have sub-committees which must at a minimum include -	SPX has three (3) Committees of the Board whose functions and powers are governed by their respective Charters. These Committees are the:
	Audit Committee;     Risk Management Committee; and     Nomination Committee/Recruitment Committee.	<ul> <li>Board Audit and Finance Committee;</li> <li>Board Listing and Compliance Committee; and</li> <li>Board Governance Committee.</li> </ul>
3. Appointment of Chief Executive Officer/Managing Director	CEO: To appoint a suitably qualified and competent Chief Executive Officer/ Managing Director	The Governance Committee assists the SPX Board in fulfilling its oversight responsibilities regarding the Remuneration, Succession and Recruitment of Directors, Executives and other SPX Group employees. The responsibility of the Governance Committee is to oversee the selection and appointment of a Chief Executive Officer (CEO) and setting of an appropriate remuneration and benefits package for recommendation to the full Board.
4. Appointment of a Board and Company Secretary	Company Secretary: Board to appoint a suitably qualified and competent Company Secretary, who is accountable to the Board, through Chair, for all compliance and governance issues.	The Company/Board Secretary, through the Chairperson, is directly accountable to the Board for the proper functioning of the Board. The Company/Board Secretary is the chief governance specialist within the SPX Group, increasingly relied upon by members to provide advice and implement good governance practices at Board level. The appointment is based on qualification and experience. As per guiding provisions of the Charter, the Company/Board Secretary may only be appointed or removed by the Board.
5. Timely and balanced disclosure	Annual Reports: Timely and accurate disclosures are made in Annual report.	The Group's continuous disclosure regime is fundamental to the rights of Shareholders to receive information concerning the SPX Group. All requirements under the Companies Act 2015 have been complied in the SPX Annual Report.
	Payment to Directors and Senior management: Sufficient information to be provided to shareholders on remuneration paid to Directors and Senior management.	The Governance Committee assists SPX in fulfilling its oversight responsibilities regarding the remuneration, succession and recruitment of Directors, executives and other SPX Group employees. Any change in remuneration for Directors is taken up to the shareholders for approval at the SPX Annual General Meeting (AGM). Senior management remuneration is also disclosed in the SPX audited financial statements.
	Continuous Disclosure: General disclosures or company announcements to be made in a timely manner. The disclosures should be factual without omitting material information and to be expressed in a clear and objective manner to shareholders.	The SPX management is responsible for approving and releasing of any or all SPX announcement on the SPX Market Announcements Platform other than:  • an announcement that relates to a matter which is both material and strategically important, which will require approval by the Board; or  • procedural matters which will require approval by the Board.
6. Promote ethical and responsible decision-making	Code of Conduct: To establish a minimum Code of Conduct of the Company applicable to Directors, senior management and employees and conduct regular trainings on the same.	SPX acknowledges the need for Directors and employees at all levels to observe the highest standards of ethical behaviour when undertaking SPX Group business.  To this end, the Board has adopted a Code of Conduct for both Directors and the employees of the SPX Group which stipulates that each director and SPX employee must comply with the Code and the Corporate Mission, Objectives, and Core Values Statement which establishes principles to guide all employees in the day-to-day performance of their individual functions within the Group.
7. Register of Interests	Conflicts of Interest: Transactions with related parties resulting in conflict of interest are disclosed and a register is maintained for this purpose.	SPX maintains a Group Conflict of Interest and Related Party Transactions register for Directors and employees of the SPX Group which is updated as and when there is a conflict or a related party transaction. The Group has also adopted policies on conflict of interest and related party transactions which set out the process of determining what constitutes to the matter of conflict and related party and stipulates processes of assessing it.
		Prior to a Director appointment, Directors are also required to provide information to the Board for it to assess their independence. In assessing the independence of Directors, the Board considers number of criteria including:
		<ul> <li>the Director is not an executive of the SPX Group;</li> <li>the Director is not a substantial shareholder of SPX or otherwise associated directly with a substantial shareholder of SPX;</li> <li>the Director has not within the last three years been a material consultant or a principal of a material professional adviser to SPX, or an employee materially associated with a service provider;</li> <li>the Director is not a material supplier to SPX, or a material consultant to SPX, or an employee materially associated with a material supplier or customer;</li> <li>the Director has no material contractual relationship with SPX other than as a Director of SPX;</li> <li>the Director is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of SPX.</li> </ul>
		This information is assessed by the Board to determine whether the relationship could, or could reasonably be perceived to, materially interfere with the exercise of the Director's responsibilities.



Principle	Requirement	Compliance Status		
8. Respect the rights of shareholders	Communication with shareholders: To design communication strategy to promote effective communication with shareholders and encourage their participation. Examples: Communication through Annual Reports, Annual General Meetings, or any other means of electronic communication.	SPX commits to dealing fairly, transparently and openly with its shareholders using available channels and technologies to communicate widely and promptly. SPX commits to facilitating participation in shareholder meetings, and dealing promptly with shareholder enquiries. SPX complies with the disclosure obligations of the Companies Act 2015 and aspires to be at the forefront of best practice in disclosure.		
	Website: To create and maintain a website of the Company to communicate effectively with shareholders and other stakeholders. All matters of importance to be updated regularly on the website.	The SPX website presents a wide array of information for the benefit of investors, shareholders, listed entities, potential issuers, stockbrokers, media and the general audience. The new SPX website was launched in 2020 which offers an inspiring experience for SPX stakeholders through modern interactive services with the provision of share price charting facilities, introduction of dedicated portals to streamline compliance by stockbrokers and listed entities with the SPX rules amongst others.		
	Grievance Redressal Mechanism: To establish a Grievance Redressal Mechanism for Shareholders to address shareholders complaints and grievances.	All complaints and grievances can be reported to the SPX Office directly or via email to <code>info@spx.com.fj</code> in the required Complaints Form implemented through the SPX Complaints Management Framework. The SPX website also provides the mechanism to lodge complaints.		
	Shareholders' Complaints: To provide the number of shareholders' complaints received and attended to during the year. Provide reasons if any complaint is unresolved or unattended.	No complaints have been received by the SPX Group during the financial year.		
	Corporate Sustainability: To adopt a business approach that creates long-term shareholder value by embracing opportunities, managing risks, maximising profits and minimising negative social, economic, and environmental impacts.	The SPX Group identifies and manages its material exposures to economic, environmental and social sustainability within its Risk Management Program. This framework applies to the Directors and employees of the overall Group. The Exchange has adopted performance standards, completes due diligence and risk assessments, and undertakes incident and grievance reporting as per processes stipulated as part of internal policies.		
audit ,	Internal Audit: To appoint an internal auditor or an alternative mechanism to achieve the objectives of risk management, control and governance.			
	External Audit: To appoint an external auditor who reports directly to the Board Audit and Finance Committee.	The Audit and Finance Committee is responsible for making recommendations to the Board on the appointment and terms of engagement of SPX Group's external auditors. The selection is made from appropriately qualified auditors in accordance with the Board Charter.		
	Rotation of External Auditor: To appoint the external auditor for a fixed term requiring senior partner of the audit firm to rotate once in every three or less financial years.	The External Auditor is rotated every three to five years through recommendations at the Annual General Meeting of the Company.		
	Audit Committee: To establish an Audit Committee comprising of at least 3 members of which majority are independent and Chair is not Chair of the Board.	The Audit and Finance Committee assists the Board to discharge its responsibilities of oversight and governance in relation to financial and audit matters. The responsibilities of this Committee include:		
		Overseeing the financial reporting and disclosure process. Approve, or recommend for approval to the Board, the appointment, compensation and termination of appointment of external auditors.  Monitoring the internal control process. Overseeing the performance of the internal audit function. Receive audit reports and ensure that senior management (with the appropriate involvement of the control functions) takes necessary corrective action in a timely manner to address control weakness, non-compliance with policies, laws and regulations or other problems identified by the auditors.		
10. Risk Management	Risk Management Policy: To establish a Risk Management Policy to address risk oversight, risk management and internal control. The Policy to clearly define the roles and responsibilities of the Board, Audit committee, management and internal audit function.	The Group's Risk Management activities are aligned to the achievement of the Group Objectives, Goals and Strategy. The Board, in consultation with the Governance Committed determines the Group's risk appetite and risk tolerance and this is expressed in the Group Appetite Statement in the Policy. These benchmarks are used in the risk identification, analyses.		
	Whistle Blower Policy: As part of risk management strategy, establish a Whistle Blower Policy by creating a mechanism of reporting concerns of unethical behaviour, actual or suspected fraud or violation of the Company code of conduct or ethics policy, SPX Rules or Companies Act. [Refer Rule 68 of the Listing Rules]	SPX is committed to a culture in which it is safe and acceptable for employees, customers and suppliers to raise concerns about poor or unacceptable practices, irregularities, corruption, fraud and misconduct. The Group has adopted a whistle-blowing policy that is designed to support and encourage staff to report in good faith matters such as:  • unacceptable practices; • irregularities or conduct which is an offence or a breach of laws (actions and decisions against the laws including non-compliance); • corruption; • fraud; • misrepresentation of facts; • sexual harassment; • abuse of Delegated Authorities; • misuse of Group assets; and so forth.		





## 2020 Market Highlights

#### **Trading Activity**

#### **Market Sentiments**

The year 2020 started on a strong footing with the aggregate market capitalisation reaching an all-time high of \$4.21 billion during the month of January. Correspondingly, the SPX market capitalisation weighted indices clicked their maximum values during the same period as well.

However, this positive streak in market capitalisation and the rally of market capitalisation weighted indices was rather short lived as market anxiety for listed entities as well as institutional and retail investors gradually sank-in soon afterwards amidst the rapid spread of the COVID-19 pandemic around the globe. A slow pattern of trading became obvious following the emergence of the first COVID-19 case in Fiji in March and the subsequent lockdown of the main business centres during April. A downward pressure started in share prices of various listed entities as sell orders started to accumulate. It also became apparent that investors had begun considering the impact of COVID-19 on their financial well-being, re-aligning their investment and consumption priorities which ultimately started having a negative impact on new investors entering the market as well.

As a means to ease the burden on listed entities in fulfilling their ongoing listing requirements due the unprecedented impact arising out of COVID-19, SPX announced regulatory relief measures for listed entities which offered them additional time to publish their audited financial statements and annual reports.

Amidst the global pandemic, SPX maintained an active presence on investor awareness front in partnership with its licensed stockbroking firms informing existing as well as potential investors that investing in shares of listed entities for the long term provides a good possibility for returns greater than other investments, if one is comfortable taking some market risk. As for the investors who remained uncertain, they were recommended to consider a long-term approach to investing and to keep in mind the wise financial advice to buy low and sell high, a pathway which can help the investors be the winner over the long term. This advice seemed to have been considered by investors who realised growth opportunities available in listed entity shares over the long term and were simultaneously seen to take advantage of price falls and also participated in corporate actions such as Dividend Reinvestment Plans and Rights Issues offered by certain listed entities during 2020. The largest entity on SPX by way of market share, Amalgamated Telecom Holdings Limited (ATH) managed to raise \$51.61 million through a Rights Issue, which was a notable sum given the existing economic climate.

Overall, the year 2020 recorded a lot of volatility in share prices mainly due to waves of concentrated selling. During this period, SPX as the front-line regulator of the stock market maintained a close look at the daily trading activities and movements in market indices. As per SPX market surveillance guidelines, any movements exceeding +/- 5% in SPX Equal Weighted Price Index in a trading day would trigger a temporary trading halt, however, no such instances were recorded during 2020.

#### **Overall Trading Pattern**

After starting the year on a positive note, key market statistics and trading activities were soon overshadowed by the impact of COVID-19 resulting in a descending and a volatile phase during the major part of 2020.

Collectively, while considering all ordinary trades as well as the one-off transactions for the year 2020, the number of trades, volume and value traded decreased in comparison to the 2019 market statistics. The number of trades was lower by 783 trades (-22.05%) and the volume and value of trades were lower by 18,848,863 shares (-67.53%) and \$36,384,708 (-65.40%). Lower trading statistics were also recorded after excluding the one-off transactions for both comparable periods.

The year 2019 market statistics is high in comparison to year 2020 figures due to higher volume of one-off transactions recorded in the previous year as well as the year 2019 witnessing the official listing of Port Denarau Marina Limited (PDM) on SPX subsequent to which, the market had witnessed a general spike in trading activities in terms of volume and value traded as well as number of transactions.

The key market indicators including and excluding one-off transactions recorded in 2020 in comparison to 2019 period is tabulated below:

Particulars	Includes One-Off Transactions						
Farticulars	2020	2019	% Change				
Number of Trades	2,768	3,551	-22.05%				
Volume Traded	9,062,912	27,911,775	-67.53%				
Value Traded (\$)	19,252,678	55,637,386	-65.40%				
Particulars	Excludes One-Off Transactions						
Farticulars	2020	2019	% Change				
Number of Trades	2,755	3,544	-22.26%				
Volume Traded	4,788,097	14,197,346	-66.27%				
Value Traded (\$)	9,684,444	22,267,762	-56.51%				

#### **New Order Flows**

The average weekly new order flow for 2020 stood at \$666,393, a decrease of 28.00% in comparison to 2019. This was headed mainly by selling interests which averaged at 67.22% of the total new order flow consideration on a year-to-date basis.

The average buy to sell ratio concluded at 1:36 in comparison to an average bid to offer ratio of 1:9 in 2019, indicating a strong presence of supply-side investors, however, it must be noted that high volume sell orders existed for certain listed entities only, namely; ATH, FBL, FMF, KFL, KGF, RBG and FHL.





#### **Monthly Market Activity Highlights**



A hype of activities mainly in FHL shares were recorded as the remaining dividend reinvestment orders from 2019 were fully executed. The month also noted a special crossing transaction in KFL and given various positive share price movements, the overall market capitalisation reached an all-time high value of \$4.21 billion during the mid of the month, however, in comparison to the prior month, settled 1.98% lower at the end of January.



A special crossing transaction in BCN was recorded resulting in increased trading statistics. A downward pressure on share prices and ultimately on the overall market value continued.



Trading activities slowed during March as the health crisis arising from COVID-19 moved beyond China's borders and the strain of the global pandemic started sending ripples through the international stock markets, businesses and the world economy.



Overall market activity dampened further as the first case of COVID-19 was recorded in Fiji and the two main cities were put into lockdown. During this period, there was very little trading activity recorded, however, upon lifting of the lockdown towards mid of the month, FHL shares recorded the execution of the first set of its market-based dividend reinvestment orders creating some activity for the month.



The effects of COVID-19 pandemic continued to rip across the world paralysing economies with people understandably prioritising their personal health and that of their loved ones with many also feeling the pressure of financial stress due to reduced income and job uncertainties. Trading activities, however, remained steady due to the continuing execution of FHL's dividend reinvestment orders as well as the execution of some high-volume transactions for entities such as; FIL, PBF and PDM. The buyer for transactions in all three listed entities was a single institutional investor.



Special crossing transactions were noted in ATH, FIL, FTV and RBG. Additionally, full execution of FHL's dividend reinvestment trades which essentially led to an overall increase in the total number of transactions were also noted while a high-volume private transfer transaction was also executed in FHL. June was also the month with the highest volume and value of trades in comparison to other months in 2020.



25,807,044 additional shares were quoted for ATH after the completion of the Rights Issue offer whereby ATH managed to raise \$51,614,088. This was a notable sum raised through the SPX platform given the general uncertainty in light of the economic disruptions caused by COVID-19. Negative impact on share prices eased resulting in the overall market value to record a monthly increase of 1.50%.



Market activities remained slow while the downward pressure on share prices for majority of the listed entities were noted which resulted in the overall fall in market value. 9 out of 13 securities recording trades saw a negative movement in share price.



Special crossing transactions in PDM and KFL added positively to market activities, however, a downward trend in market capitalisation continued.



Market activities remained slow, however, some listed entities managed to gain positive traction in their share prices hence the overall market value fell by a lower percentage in comparison to other months.



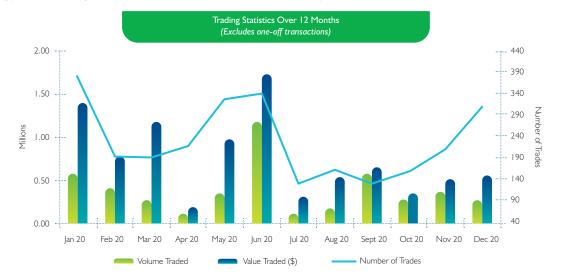
Partial execution of FHL's dividend reinvestment trades were recorded which originated from the second interim dividend declared in October 2020. This led to a hike in the number of trades for the month.



After continuous fall in market capitalisation, an increase of 5.18% (highest and only one of the two months in 2020 to record an increase) was witnessed. Trading activity improved mainly due to the continuing execution of FHL's dividend reinvestment orders as well as a special crossing transaction recorded in BCN and certain high-volume trades noted for RBG and VIL.



The trading pattern excluding the one-off transactions over the past 12-months is portrayed below for information:



#### **Trade by Security**

Considering the overall market statistics generated by each listed entity in 2020, it shows that KFL shares dominated the aggregate volume traded by 32.05% while RBG shares dominated the aggregate value traded by 20.42%.

The dominance in volume traded for KFL shares is consequent to the five special crossing transactions and the execution of additional high-volume orders during the year while the dominance in value traded for RBG shares is consequent to a special crossing transaction recorded in 2020 between related institutional investors.

As per historic trends, FHL stood as the most active stock in terms of number of trades as it accounted for 56.36% of the total number of trades in 2020. FHL's dominance in number of transactions arise from the execution of market-based dividend reinvestment transactions which in 2020 was approximately 8 times higher than the security witnessing the second highest number of trades.

Communications (Fiji) Limited (CFL) and Pacific Green Industries (Fiji) Limited (PGI) were the two securities that did not record any market activity in 2020.

The trade analysis by each security for 2020 is tabulated below:

Security	Security Price as at 31/12/20 (\$)	Number of Trades	Volume Traded	Value Traded (\$)	Issued Securities	Volume Traded to Issued Securities Ratio	Market Capitalisation (\$)
АРР	1.70	24	66,713	110,774	8,000,000	0.83%	13,600,000
ATH	1.84	169	1,162,087	2,308,960	447,911,912	0.26%	824,157,918
CFL	6.22		NO TRADES		3,558,000	0.00%	22,130,760
FBL	3.20	П	3,945	12,362	2,000,000	0.20%	6,400,000
FIL	5.80	42	256,236	1,001,985	8,607,742	2.98%	49,924,904
FMF	2.11	18	14,409	30,372	150,000,000	0.01%	316,500,000
FTV	4.65	67	296,261	1,228,069	10,300,000	2.88%	47,895,000
KFL	1.07	175	2,904,975	2,471,285	92,274,194	3.15%	98,733,388
KGF	1.12	5	3,501	3,799	3,821,210	0.09%	4,279,755
PBF	21.94	134	80,062	1,685,416	10,408,125	0.77%	228,354,263
PBP	2.85	5	37,020	98,877	6,762,579	0.55%	19,273,350
PDM	2.15	161	245,736	594,167	40,000,000	0.61%	86,000,000
PGI	1.08		NO TRADES		7,619,234	0.00%	8,228,773
RBG	3.53	196	1,085,736	3,930,627	150,000,000	0.72%	529,500,000
RCF	11.30	76	38,573	366,915	6,000,000	0.64%	67,800,000
TTS	18.00	12	702	10,444	14,032,202	0.01%	252,579,636
VВН	6.00	8	13,479	83,694	2,137,403	0.63%	12,824,418
VIL	4.68	64	63,036	249,075	103,769,425	0.06%	485,640,909
FHL	1.02	1,560	2,721,760	3,301,532	304,646,500	0.89%	310,739,430
BCN	27.69	41	68,681	1,764,325	3,064,968	2.24%	84,868,964
тс	TAL	2,768	9,062,912	19,252,678	1,374,913,494	0.66%	3,469,431,467



#### Liquidity

The total volume traded for the year 2020 encompassing all trades accounted for 0.66% of the issued securities quoted on the trading platform. Amongst these securities, 14 listed stocks witnessed an exchange of less than 1% of their issued securities while 4 listed stocks recorded an exchange of greater than 1% but less than 5% of their issued securities.

Including all ordinary as well as the one-off transactions, the average volume and value of trades per transaction for the market in 2020 was 3,274 shares and \$6,955 respectively. However, once the one-off transactions are excluded, the average volume and value of trades per transaction for the market in 2020 stood at 1,738 shares and \$3,515 respectively.

#### **Changes in Issued Securities**

The total number of securities on issue as at 31st December 2020 stood at 1.37 billion which depicts a slight fall of 0.26% in comparison to 2019 where the total number of securities on issue tallied at 1.38 billion.

The change in issued securities is due to the following occurrences during the year:

Reduction of 30,307,483 shares subsequent to the delisting of Future Forests (Fiji) Limited (FFF).

Quotation of 814,000 additional shares by Kontiki Finance Limited (KFL) as part of the entity's Dividend Reinvestment Plan over two dividend declarations during the year.

Quotation of 78,079 additional shares by Pleass Global Limited (PBP) as part of the entity's Dividend Reinvestment Plan over two dividend declarations during the year.

Quotation of 25,807,044 additional shares by Amalgamated Telecom Holdings Limited (ATH) subsequent to the Rights Issue offer in 2020.

#### **Private Transfers**

Private transfer transactions are now executed on the e-trading platform via special crossing transaction mechanism to ensure these transactions are conducted in an efficient manner. The special crossing transaction mechanism has been adopted to ensure that the last traded price of the security remains unchanged given the fact that the parties to such transactions are pre-determined and essentially, consideration is not exchanged between the trading parties.

Overall, there were a total of 23 private transfer transactions in 7 listed securities in 2020. These transactions totalled 1.41 million shares in volume and \$1.97 million in value.

A breakdown of private transfer cases by type of cases is portrayed below:



FHL shares dominated the private transfer statistics in all three aspects of number of private transfer transactions, volume and value of transactions during 2020.

The table below portrays the number of transfers, volume and value of private transfers by the individual listed securities in 2020:

Security	Number of Transfers	Volume Traded	Value Traded \$	
ATH	5	26,415	50,089	
CFL	I	500	3,110	
FTV	I	2,000	9,300	
KGF	I	1,000	1,120	
PBF	2	2,625	66,844	
RBG	I	50,000	150,000	
FHL	12	1,325,680	1,688,450	
TOTAL	23	1,408,220	1,968,912	

#### **Foreign Investment Flows**

In 2020, the amount of new foreign investment inflows into the stock market by way of volume and value traded stood at 1.83 million shares and \$3.28 million respectively.

A total of 15 non-resident investors were noted to maintain an active trading pattern in SPX listed entities during the year amongst which majority transactions were executed in Paradise Beverages (Fiji) Limited (PBF) while Kontiki Finance Limited (KFL) shares were noted to maintain their dominance for the volume and value of transactions executed.

A five-year trend showing the volume and value of new foreign investment inflows is portrayed below:





#### Market Returns

#### **Capital Growth**

The SPX e-trading platform concluded the year 2020 with 8 out of the 20 listed securities recording increased share prices while 9 listed stocks recorded a decrease in their share prices. Additionally, the share prices remained invariable for 3 securities during the period under review!

Given that 45% of the listed entities (9/20) ended in a negative territory in terms of share price returns, the overall average capital growth for 2020 noted a significant fall from 40.92% (tax-free) in 2019. However, the average capital growth for 2020 remained in the positive territory for the 10th consecutive year, well within the long-term average return and concluded at 7.78% (tax-free).

Despite the mixed pattern of returns, 30% of the listed entities (6/20) ended the year at their all-time high share prices where few yielded strong capital gains for its shareholders.

#### **Dividend Yield**

In 2020, the average tax-free dividend yield for the market stood at 1.29% in comparison to an average dividend yield of 2.11% recorded in 2019.

The year 2020 saw COVID-19 pandemic forcing listed entities to reassess their financial projections amid the rapidly evolving business landscape. In response, there was a rapid uptick in the number of listed entities undertaking a decision to delay or suspend dividend payments to preserve assets and capital.

Share price movements recorded during 2020 is illustrated below:

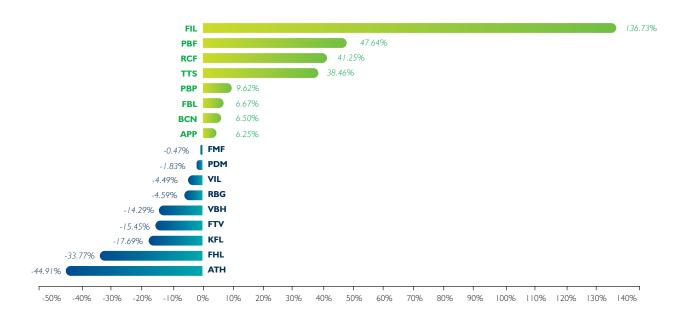
In view of the above and while considering each of the listed stocks on an individual basis, for 2020 it was noted that while 7 listed entities maintained similar levels of dividend payments from the previous year and 6 entities declared a lower dividend, the remaining 7 listed entities did not declare any dividends during 2020 (including 5 listed entities who have historically declared dividends each year in the past).

Overall, during 2020 a lower amount of \$32.58 million was paid out in dividends in comparison to a total of \$62.26 million paid out in 2019.

#### **Total Market Return**

The total market return to investors in listed entities encompasses the capital gain and the dividend yield from listed stocks. As such, owing to the investor sentiments and the economic challenges discussed above and aggregating the average capital gain of 7.78% and the average dividend yield of 1.29% resulted in a 9.07% (tax-free) average total market return for 2020.





I Share prices for three listed stocks, namely; CFL, KGF and PGI remained constant during the 2020 period



Details of price movements and dividend returns per listed entity as at 3 lst December 2020 is tabulated below:

Security	Security Price		Capital Growth	Dividend Yield	Total Market Return	
	2020	2019	(%)	(%)	(%)	
APP	1.70	1.60	6.25%	3.24%	9.49%	
ATH	1.84	3.34	-44.91%	0.00%	-44.91%	
CFL	6.22	6.22	0.00%	0.00%	0.00%	
FBL	3.20	3.00	6.67%	0.00%	6.67%	
FIL	5.80	2.45	136.73%	1.38%	138.11%	
FMF	2.11	2.12	-0.47%	0.95%	0.48%	
FTV	4.65	5.50	-15.45%	0.00%	-15.45%	
KFL	1.07	1.30	-17.69%	4.21%	-13.49%	
KGF	1.12	1.12	0.00%	0.00%	0.00%	
PBF	21.94	14.86	47.64%	2.28%	49.92%	
PBP	2.85	2.60	9.62%	1.40%	11.02%	
PDM	2.15	2.19	-1.83%	0.00%	-1.83%	
PGI	1.08	1.08	0.00%	0.00%	0.00%	
RBG	3.53	3.70	-4.59%	0.76%	-3.83%	
RCF	11.30	8.00	41.25%	3.10%	44.35%	
TTS	18.00	13.00	38.46%	1.11%	39.57%	
VBH	6.00	7.00	-14.29%	2.33%	-11.95%	
VIL	4.68	4.90	-4.49%	0.43%	-4.06%	
FHL	1.02	1.54	-33.77%	1.62%	-32.15%	
BCN	27.69	26.00	6.50%	2.95%	9.45%	
	AVERAGE		7.78%	1.29%	9.07%	

#### Earnings per Share (EPS) & Price Earnings (PE) Ratio

The average Earnings per Share (EPS) and Price Earnings (PE) ratio from the market in 2020 stood at 28.17 cents and 22.93 times (or a 4.36% earnings yield) respectively.

The EPS and the PE ratio comparisons per security between 2019 and 2020 is tabulated below:

Security	Earnin Share (	gs Per (Cents)	Price Earnings Ratio (Times)		
	2020	2019	2020	2019	
APP	25.46	25.34	6.68	6.31	
ATH	9.68	20.08	19.01	16.64	
CFL	62.79	82.74	9.91	7.52	
FBL	31.95	40.19	10.01	7.46	
FIL	51.17	40.18	11.33	6.10	
FMF	8.26	4.55	25.54	46.59	
FTV	-26.54	11.67	-17.52	47.13	
KFL	7.89	10.25	13.55	12.68	
KGF	2.50	1.87	44.78	60.02	
PBF	31.39	117.34	69.90	12.66	
PBP	9.96	91.12	28.63	2.85	
PDM	15.37	9.98	13.99	21.94	
PGI	5.85	9.01	18.46	11.99	
RBG	6.45	6.72	54.70	55.06	
RCF	36.08	48.15	31.32	16.61	
TTS	94.86	113.10	18.98	11.49	
VBH	75.72	63.47	7.92	11.03	
VIL	15.17	23.15	30.85	21.17	
FHL	3.20	12.04	31.83	12.79	
BCN	96.18	85.55	28.79	30.39	
AVERAGE	28.17	40.83	22.93	20.92	

### Market Capitalisation

Given the uneven composition of SPX listed entities towards the aggregate market capitalisation, where the largest company by way of market share occupies more than 20% while the smallest company by way of market share occupies less than 1% only, movements in share prices of heavyweight stocks renders larger changes in the aggregate market value.

As such, negative share price returns noted by the top 5 SPX listed stocks by way of market share in 2020 resulted in the overall market value to note a decrease of \$649,758,057 (-15.77%) and conclude at a value of \$3,469,431,467 (\$3.47 billion).

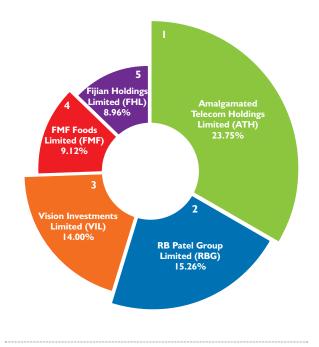
Together with other price movements, the delisting of Future Forests (Fiji) Limited (FFF)<sup>2</sup> earlier in 2020 also attributed to the fall in market value.

The market capitalisation trend over the past 12-months is illustrated below:



The top five listed securities in terms of market capitalisation represented 71.09% of the overall market value as at 31st December 2020.

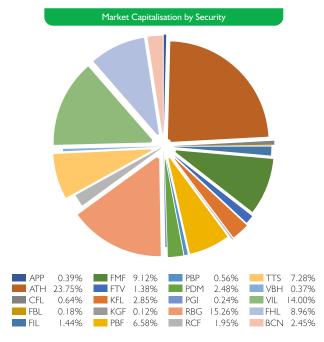
The top five listed stocks in terms of market capitalisation is illustrated below:



<sup>2</sup> The delisting of FFF reduced the SPX market capitalisation by \$23,942,912

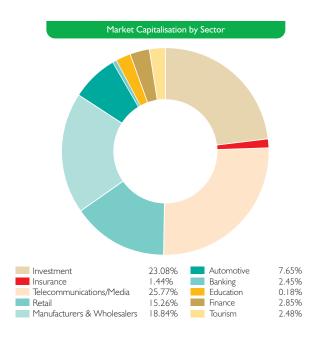


Details of contribution of each listed entity towards the overall market capitalisation as at end of 2020 is illustrated below.



By sectorial representation, the Telecommunications and the Media sector held the largest portion of the overall market value at 25.77%. The Investment sector stood second in queue occupying 23.08% with the Manufacturers & Wholesalers sector posing third with a 18.84% occupancy. With a composition of 15.26%, the Retail sector stood fourth with the Automotive sector standing fifth with 7.65% occupancy. The Finance sector encompassing KFL shares positioned at 2.85% while the Tourism sector tallied at 2.48%. The Banking sector occupied 2.45% while the Insurance sector represented solely by FIL shares, saw its contribution standing at 1.44% at the end of 2020. Lastly, the Education sector represented by FBL stood at 0.18%.

The pie-chart below portrays the contribution of each sector towards the overall market capitalisation:



#### Market Indices

#### **SPX Total Return Index (STRI)**

STRI is a market capitalisation weighted total return index, which means it accounts for both price as well as dividend returns and is dependent on the market capitalisation weighting of each entity towards the aggregate market value.

As such, with the top 5 listed stocks by way of market share recording negative share price returns, the overall STRI value for the year mirrored the descending market capitalisation trend and subsequently recorded a fall of 15.16% (-1,445.80 points) and concluded at a value of 8,091.89.

However, given the achievement of an all-time high market capitalisation value in January 2020, correspondingly, STRI had also reached a maximum value of 9,824.04 during the same period.

The 12-month performance for STRI is illustrated below:



#### **Equal Weighted Total Return Index (EWTRI)**

The Equal Weighted Total Return Index weighs all the listed stocks equally without being skewed by the heavyweights. As such, given the nature of this index where the impact of share price movements is identical irrespective of the composition of the listed entity towards the overall market value, EWTRI ended the year in a positive territory for the 10th consecutive year gaining 7.83% (798.03 points) and concluded the year at a value of 10,992.62.

The increase in EWTRI is in line with the average total market return for 2020 which remains positive and reflects the pertinence of stock market returns over the long term.

The 12-month performance for EWTRI is illustrated below:



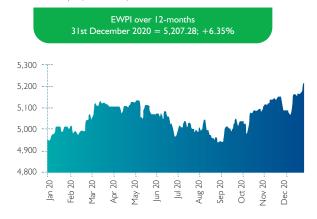


#### **Equal Weighted Price Index (EWPI)**

In order to maintain investor confidence given the economic challenges posed by the COVID-19 pandemic, SPX maintained a proactive stance in monitoring daily market movements and closely followed the daily movements in the Equal Weighted Price Index during 2020.

Any movements exceeding  $\pm$ 1-5% in EWPI in a trading day would trigger a temporary trading halt, however, no such instances were recorded during the year under review. Overall, unlike the market capitalisation weighted indices, the EWPI value for the year 2020 rose by 6.35% (310.81 points) concluding at a value of 5,207.28.

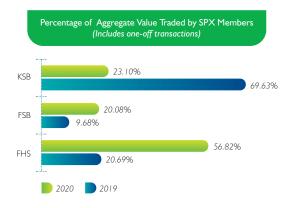
The 12-month performance for EWPI is illustrated below:



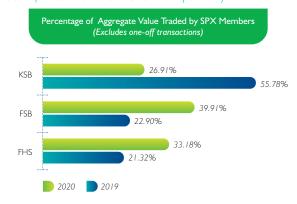
#### Trading Activity by SPX Members

The bar graphs below portray the value traded by each of the three stockbroking houses, FHL Stockbrokers Pte Limited (FHS), Kontiki Stockbroking Pte Limited (KSB) and FijiStock Brokers Pte Limited (FSB), as a percentage of the overall consideration accumulated during the period under review in comparison to 2019.

The graph below includes the one-off transactions executed on the SPX for the 2020 and 2019 comparative years:



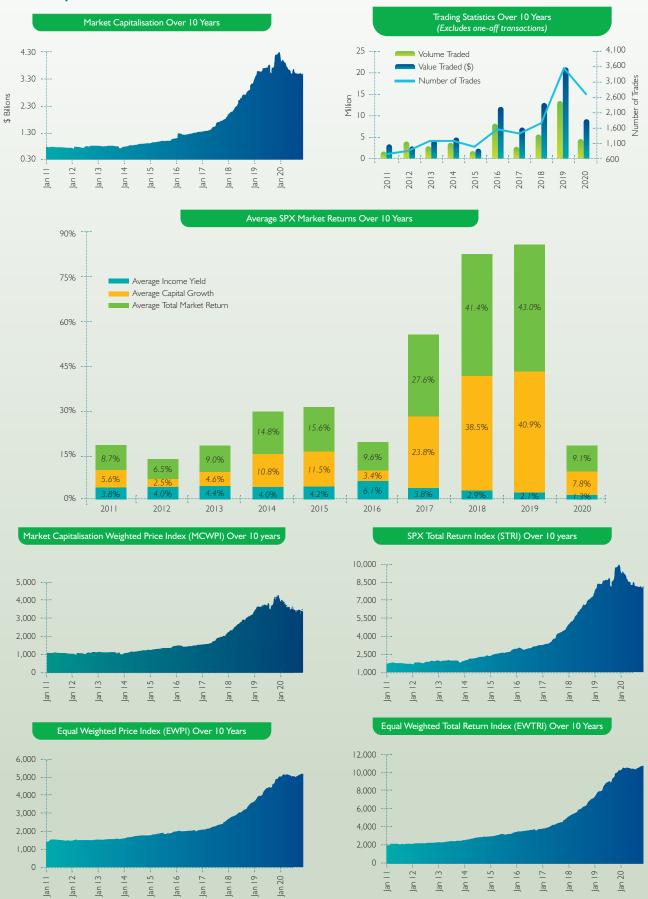
The illustration below excludes the one-off transactions executed on the SPX for both the 2020 and 2019 comparative years:





#### **Market Statistics**

#### **Ten Year Key Market Indicators**





#### Volume traded, value traded and share price performance for listed securities over the last 10 years.



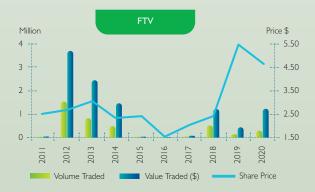














































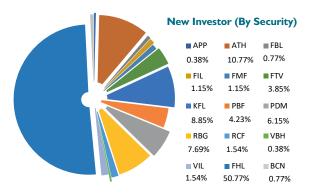
### **2020 Security Holders**

#### **New Investors**

A total of 260 new investors entered the Fijian stock market in 2020. In comparison to the same period last year, the total number of new investors stands lower by 72.49%. Together with mixed investor sentiment given the general economic climate in 2020 arising out of COVID-19 pandemic, the key reasons for a decline noted in 2020 is attributed to no new listings and/or corporate actions such as Share Split being recorded during the year, which historically has been the two key factors contributing positively to the new investor statistics.

However, the new investor statistics in 2020 stood higher in comparison to the new investor trends recorded in the 2017 and 2018 financial years, essentially indicating that investors while being cautious, do value and realise the long-term potential of share investments to outperform other investments and that a greater proportion of potential investors consider share investing as part of their long-term plan.

The number of new investors (expressed as a percentage of total number of new investors) recorded per listed entity is illustrated below:



In terms of new investor preference, it was noted that majority of the new investors were recorded for Fijian Holdings Limited (FHL) followed by Amalgamated Telecom Holdings Limited (ATH), Kontiki Finance Limited (KFL) and RB Patel Group Limited (RBG).

Overall, these new investors yielded 861 transactions and contributed 2,183,056 shares in volume traded and garnered \$2,902,177 in value traded.

As a percentage of the aggregate trading statistics for 2020, the new investors accounted for 31.11% of the overall number of trades, 24.09% of the overall volume traded and 15.07% of the overall value traded.

Majority of the new shareholders that invested in the listed entities during 2020 were individuals and represented 74.62% of the overall new investment by investor type.

Key statistics contributed by the new investors as a percentage of overall trading statistics in 2020 is illustrated below:



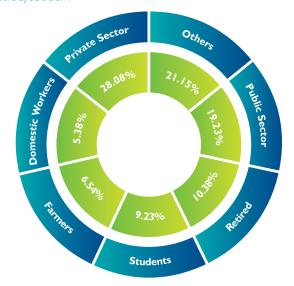
#### A detailed illustration of new investors by type is portrayed below:





A study of the new investors by type of employment indicated that majority of the new investors recorded during 2020 were those employed in the private sector. This is followed by those represented by Others (includes a mixture of investors who are minors, institutions and self-employed). Closely followed and ranked third are the investors employed in the public sector.

A detailed illustration of new investors by type of employment is portrayed below:



An analysis of new investors entering the market in 2020 by age classification showed that majority of the new investors fall between the age range of 36 years to 55 years which is followed by investors in the age range of 26 years to 35 years.

A motivating trend noted is that 44.12% of the new investors recorded were below the age of 35 years. Additionally, over the past year, it was apparent that new investors below the age of 18 years now occupy a notable portion of the new investor statistics which historically has been below 1%.

A detailed illustration of new investors by age range is portrayed below:

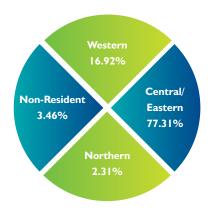


As for the new investors by geographical location, it was witnessed that majority of the new investors in 2020 were residents and were largely from the Central/Eastern division. However, it is commendable to note new investors emerging from the Western and Northern divisions as well. New non-resident investors were also recorded in 2020.

SPX with the three licensed stockbroking firms is located in Suva which helps investors from the Central division to access our services with more convenience, however, SPX continues to disseminate all relevant information about investing through other mediums such as SPX website, social media platforms, television and newspaper articles.

To all those investors who are located outside of Suva, you are urged to communicate your investment interests to the SPX via telephone, email or Facebook messages and our team will surely assist you in getting started with your investment journey.

A detailed illustration of new investors by geographical location is portrayed below:





### Distribution of Security Holding & Number of Security Holders

Security	Less than or equal to 500	501 to 5,000	5,001 to 10,000	10,001 to 20,000	20,001 to 30,000	30,001 to 40,000	40,001 to 50,000	50,001 to 100,000	100,001 to 1,000,000	Over 1,000,001	Total
APP	16	71	14	10	3	0	0	3	4	1	122
ATH	284	948	126	44	15	6	9	15	7	9	1,463
CFL	44	88	7	2	4	2	0	2	4	1	154
FBL	65	19	5	2	2	1	1	1	2	T	99
FIL*	13,275	49	8	7	5	0	0	3	4	I	13,352
FMF	27	109	67	72	40	17	22	33	44	9	440
FTV	207	200	8	4	T	0	0	0	3	2	425
KFL	30	79	26	22	13	12	5	21	51	24	283
KGF	3	72	15	14	5	3	I	4	6	I	124
PBF	355	273	14	4	2	0	0	3	1	1	653
PBP	17	39	11	5	T	1	0	2	3	2	81
PDM	218	326	56	23	3	7	3	7	4	3	650
PGI	16	29	0	2	1	1	0	1	3	3	56
RBG	41	151	38	34	33	3	20	14	15	9	358
RCF	43	76	7	6	3	2	0	I	3	I	142
TTS	106	39	4	2	0	1	0	1	1	2	156
VBH	44	52	6	4	I	0	3	2	5	0	117
VIL	63	169	63	18	6	1	3	3	9	9	344
FHL	155	565	321	221	86	51	40	69	128	19	1,655
BCN	56	52	2	0	1	2	3	3	5	1	125
TOTAL	15,065	3,406	798	496	225	110	110	188	302	99	20,799

<sup>\*</sup> FIL has approximately 13,255 shareholders with only 20 shares or less each

## Number of Resident & Non-Resident Security Holders

Security	No. of Resident Security Holders	No. of Non-Resident Security Holders
APP	113	9
ATH	1,376	87
CFL	136	18
FBL	72	27
FIL	13,341	П
FMF	349	91
FTV	385	40
KFL	219	64
KGF	112	12
PBF	511	142
РВР	79	2
PDM	619	31
PGI	47	9
RBG	339	19
RCF	129	13
TTS	91	65
VBH	98	19
VIL	337	7
FHL	1,630	25
BCN	122	3
TOTAL	20,105	694

# Percentage of Public & Non-Public Security Holding

Security	Public Holding	Non - Public Holding
APP	26.13%	73.87%
ATH	10.49%	89.51%
CFL	28.82%	71.18%
FBL	30.41%	69.60%
FIL	22.10%	77.90%
FMF	29.25%	70.75%
FTV	17.90%	82.10%
KFL	55.94%	44.06%
KGF	77.93%	22.07%
PBF	10.41%	89.59%
PBP	26.05%	73.95%
PDM	29.48%	70.52%
PGI	6.38%	93.62%
RBG	28.75%	71.25%
RCF	17.82%	82.18%
TTS	20.32%	79.68%
VBH	22.38%	77.62%
VIL	19.83%	80.17%
FHL	31.33%	68.67%
BCN	37.86%	62.14%
AVERAGE	27.48%	72.52%



# Percenatge of Resident Retail Security Holding by Geographical Location, Resident Institutional Security Holding & Non-Resident Security Holding

	Total Issued	Resident retail sec	curity holding by geo	ographical location	Resident	Aggregate	Aggregate non-
Security	Securities (millions)	Central/Eastern	Western	Northern	institutional shareholding	resident security holding	resident security holding
APP	8.00	20.15%	0.82%	0.03%	78.22%	99.22%	0.79%
ATH	422.10	2.90%	0.36%	0.03%	96.18%	99.47%	0.53%
CFL	3.56	23.24%	0.52%	0.00%	73.84%	97.60%	2.40%
FBL	2.00	1.41%	2.32%	0.00%	15.27%	19.00%	81.00%
FIL	8.61	6.40%	0.15%	0.01%	92.18%	98.73%	1.27%
FMF	150.00	7.94%	2.94%	0.28%	86.03%	97.19%	2.81%
FTV	10.30	2.28%	1.16%	0.13%	95.96%	99.52%	0.48%
KFL	91.46	16.27%	0.92%	0.02%	40.21%	57.42%	42.58%
KGF	3.82	17.70%	1.31%	0.42%	63.54%	82.97%	17.03%
PBF	10.41	2.76%	1.66%	0.16%	93.54%	98.13%	1.87%
PBP	6.68	55.79%	0.27%	0.00%	43.79%	99.85%	0.15%
PDM	40.00	2.63%	1.18%	0.07%	25.04%	28.92%	71.08%
PGI	7.62	0.82%	0.58%	0.00%	87.98%	89.37%	10.63%
RBG	150.00	6.16%	4.63%	0.11%	88.92%	99.81%	0.19%
RCF	6.00	4.01%	0.76%	0.21%	94.27%	99.26%	0.74%
TTS	14.03	0.43%	0.04%	0.01%	19.61%	20.08%	79.92%
VBH	2.14	65.05%	0.31%	0.09%	21.39%	86.85%	13.15%
VIL	103.77	3.36%	0.58%	0.00%	92.95%	96.89%	3.11%
FHL	304.65	6.77%	0.64%	0.23%	91.93%	99.58%	0.42%
BCN	3.06	4.18%	0.28%	0.01%	95.17%	99.65%	0.35%

### Percentage of Security Holding by Investor Type

					TYPE OF	INVESTOR				
Security	Individual	Institution/ Company	Trust	Joint/ Family	Group/ Club	Co- operative	Mataqali	Province	Tikina	Yavusa
APP	4.09%	89.26%	5.62%	0.49%	0.00%	0.54%	0.00%	0.00%	0.00%	0.00%
ATH	0.84%	96.55%	2.31%	0.13%	0.03%	0.02%	0.00%	0.11%	0.00%	0.00%
CFL	9.64%	74.87%	13.08%	2.27%	0.14%	0.00%	0.00%	0.00%	0.00%	0.00%
FBL	12.31%	73.64%	12.64%	1.01%	0.40%	0.00%	0.00%	0.00%	0.00%	0.00%
FIL	5.84%	92.38%	0.82%	0.41%	0.28%	0.00%	0.00%	0.26%	0.00%	0.00%
FMF	11.47%	86.06%	2.01%	0.45%	0.00%	0.02%	0.00%	0.00%	0.00%	0.00%
FTV	3.26%	87.11%	8.79%	0.65%	0.03%	0.13%	0.02%	0.00%	0.00%	0.00%
KFL	40.36%	48.06%	5.39%	4.91%	0.00%	1.28%	0.00%	0.00%	0.00%	0.00%
KGF	17.49%	79.24%	0.08%	3.10%	0.08%	0.00%	0.00%	0.00%	0.00%	0.00%
PBF	6.04%	93.60%	0.15%	0.15%	0.02%	0.00%	0.02%	0.02%	0.00%	0.00%
PBP	55.83%	27.45%	16.35%	0.36%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
PDM	3.81%	94.77%	0.88%	0.50%	0.00%	0.03%	0.02%	0.00%	0.00%	0.00%
PGI	11.56%	70.44%	17.54%	0.47%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
RBG	6.98%	88.99%	3.30%	0.34%	0.01%	0.00%	0.04%	0.01%	0.33%	0.00%
RCF	3.76%	94.30%	1.02%	0.71%	0.04%	0.17%	0.00%	0.00%	0.00%	0.00%
TTS	0.44%	99.32%	0.14%	0.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
VBH	61.47%	23.90%	14.39%	0.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
VIL	1.21%	92.96%	2.27%	0.42%	0.01%	3.09%	0.01%	0.05%	0.00%	0.00%
FHL	5.55%	79.51%	2.20%	2.49%	0.81%	2.27%	0.98%	5.01%	0.83%	0.34%
BCN	4.22%	90.36%	3.83%	0.27%	0.02%	1.31%	0.00%	0.00%	0.00%	0.00%



## Number of Resident & Non-Resident Security Holders by Investor Type, Gender & Province

											PROVINCE	CE							
Particulars	Residency	Particulars   Residency   Investor Type   Gender	Gender	<u>lota</u>	Ba	Bua	Cakaudrove Kadavu	Kadavu	Lau	Lomaiviti	Macuata	Nadroga- Navosa	Naitasiri	Namosi	Ra	Rewa Serua	ua Tailevu	u Rotuma	ď
			Male	11,463	2,173	2	34	88	с	8	66	411	454	19	30 8,1	8,123 4	270	0	
		Individual	Female	3,160	570	2	6	82	-	2	13	33	170	24	4 2,1	2,164 0	98	0	
		Trust		244	34	0	9	-	2	_	2	2	61	2	_	165 0	6	0	
	Resident	Resident Corporate		512	101	0	01	4	4	_	2	01	22	m	- 33	336 0	8_	0	
	Investors	Mataqali		29	01	0	_	0	0	0	2	m	-	2	0	37	0_	0	
		Joint Account		819	112	0	01	5	2	-	17	4	56	∞	7 3,	345 0	4 -	0	
		Others		200	4	0	26	2	7	0	12	e	17	9	7	75 2	32	0	
		Unknown (FIL shareholders)*	eholders)*	3,841	2	0	0	0	0	0	0	_	0	0	0 3,8	3,838 0	0	0	
		Total		20,105															
Number of Investors by Location					Australia	New Zealand	USA	ž	Canada	China	India	Japan	Pacific Island Countries	Others					
			Male	429	136	120	3.1	<u>13</u>	32	0	0	61	28	50					
		Individual	Female	105	48	26	13	4	4	-	0	4	ĸ	2					
	;	Trust		13	9	2	4	0	0	0	0	0	_	0					
	Non- Resident	Corporate		71	14	8	0	0	0	0	0	2	m	7					
	Investors	Joint Account		73	24	<u>&amp;</u>	01	М	13	0	0	0	2	m					
		Others		ĸ	0	-	-	0	0	0	0	0	_	0					
		Total		694															
		TOTAL		20,799															

36





#### Overview

Faced with various challenges during the year, SPX continued to evolve in a highly volatile environment by remaining focused on the major action items earmarked for 2020, however, realigned the planned outputs from the yearly Action Plan in the midst of the prevailing business environment as necessary.

Prominence was placed on investor education, market supervision, broadening of legal and regulatory framework of the Exchange, preliminary work related to diversification of products offered and establishment of a new subsidiary business, digital transformation and training and development of market players.

Notwithstanding the effects of the pandemic, SPX managed to accomplish the following business development activities during 2020.

#### **Investor Awareness**

Admittedly, it was important for SPX as the front-line regulator to place a great emphasis in the area of investor awareness during 2020. Initiatives that were undertaken during the year had an intention to empower and raise the level of investor maturity for individuals exploring to invest in the stock market while also keeping the existing investors well-informed and to consider the long-term approach to investing in shares of listed entities.

In 2020, SPX continued to engage its resources towards digital advertising while exploring new advertising methodologies to target the intended audience through its presence on social media channels. These included; lead generation campaigns and google tagging which was seen to initiate interest from potential investors enquiring about share investments. This potential investor database was then shared with the licensed stockbrokers to seek investor interest and convert them into actual investments.

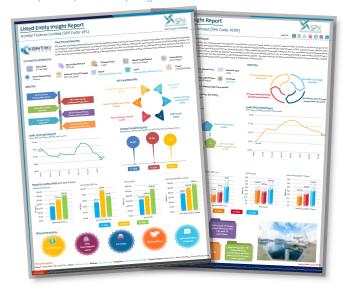
Additionally, as a means to provide investors with pertinent details about the listed entities, SPX diverted resources towards formulation and publication of listed entity Insight articles. A total of 14 Insight articles were published during 2020. This publication focuses on providing an overview of the business and its subsidiaries, directors and management team, share price trend, dividend payment history, its financial performance as well as access to relevant social media and company information pages for additional details about the listed entity.

SPX also continued to publish weekly newsflash summaries and monthly stock market trading reports for the benefit of existing and potential investors keeping them informed on the latest trends and developments at SPX. With support from HFC Bank, SPX continued to provide weekly stock market update through FBC TV's business segment on first business day of each week. SPX was also invited to undertake guest lectures at Universities, particularly for students enrolled in Accounting and Finance related courses.

Some of social media advertising content is illustrated below:



Snapshots of listed entity Insight articles are illustrated below:



#### **SPX** Website

SPX's digital transformation was further boosted in 2020 with the launch of a newly designed and high-end fully-responsive website, which is optimised for smart devices as well. The new website features an updated design, improved functionality and easy access to essential stock market information, all aimed to deliver a better and more effective and elevated user experience for investors, listed entities, stockbrokers, analysts, media, academics, market regulator and the wider website audience.

Some of the features deployed on the new website include; interactive services with the provision of share price and market indices charting and download facilities, enhanced company search options, optimisation for smart mobile devices and different internet browsers, integration with social media platforms, an upgraded Market Announcements Platform, newly introduced Compliance Lodgement Portal and a Data Vendor Portal. The new website also provides an option to organisations that wish to extend their reach beyond their traditional advertising platforms to instantly consider the revamped SPX website as a new medium to promote their brands. This is expected to be further explored in 2021.



Overall, the launch of the revamped online presence ensures that SPX remains at the forefront of digital transformation.



#### **Central Share Registry Pte Limited (CSRL) Enhancement**

In order to assist and ease the burden on CSRL's client companies to complete the digital reregistration process with the Registrar of Companies (RoC) and to comply with the timely filing requirements as required under the Companies Act 2015, resources were deployed to enhance the current ShareSoft system. As such a standardised batch upload report with relevant shareholder details was developed as required by the ROC. As a service driven organisation, CSRL undertook this development in order to ensure improvements in services being provided to its clients.

#### Improvements to Legal Framework

A good legal and regulatory framework is essential for the effective management and operation of any organisation. As such, during 2020 SPX introduced an internal audit function in order to obtain a regular insight on the SPX Group's policies and procedures and to provide an independent assurance that the organisations risk management, governance, compliance and internal control processes are operating effectively.

Further resources were also allocated towards enhancing the SPX Group's Governance, Risk and Compliance (GRC) framework to develop a structured and an integrated approach in managing the SPX Group's corporate governance program, risk management program and compliance with industry regulations.

#### **Education & Training for Market Players**

The competence of industry stakeholders is critical in gaining and maintaining a competitive advantage for the overall success of the industry. Relevant trainings present a prime opportunity for stakeholders to actively respond to any changes in the industry they operate in and this was conspicuous during 2020 amid the changing business landscape due to the effects of COVID-19.

During 2020, SPX conducted a stakeholder training focused on Asset Allocation, Portfolio Construction and Wealth Management for the stockbrokers. Given the implementation of various social distancing measures in light of the COVID-19 pandemic, SPX held smaller group sessions with the stockbrokers and undertook specialised trainings for the stockbrokers focused mostly on their conduct, trading rules, managing clients, trading and settlement processes and proper use of trading system. These trainings were supplemented by the yearly stockbroker examination. In 2020, a total of six licensed and trainee stockbrokers undertook this examination and acquired Continuing Professional Education (CPE) hours based on their individual performances.

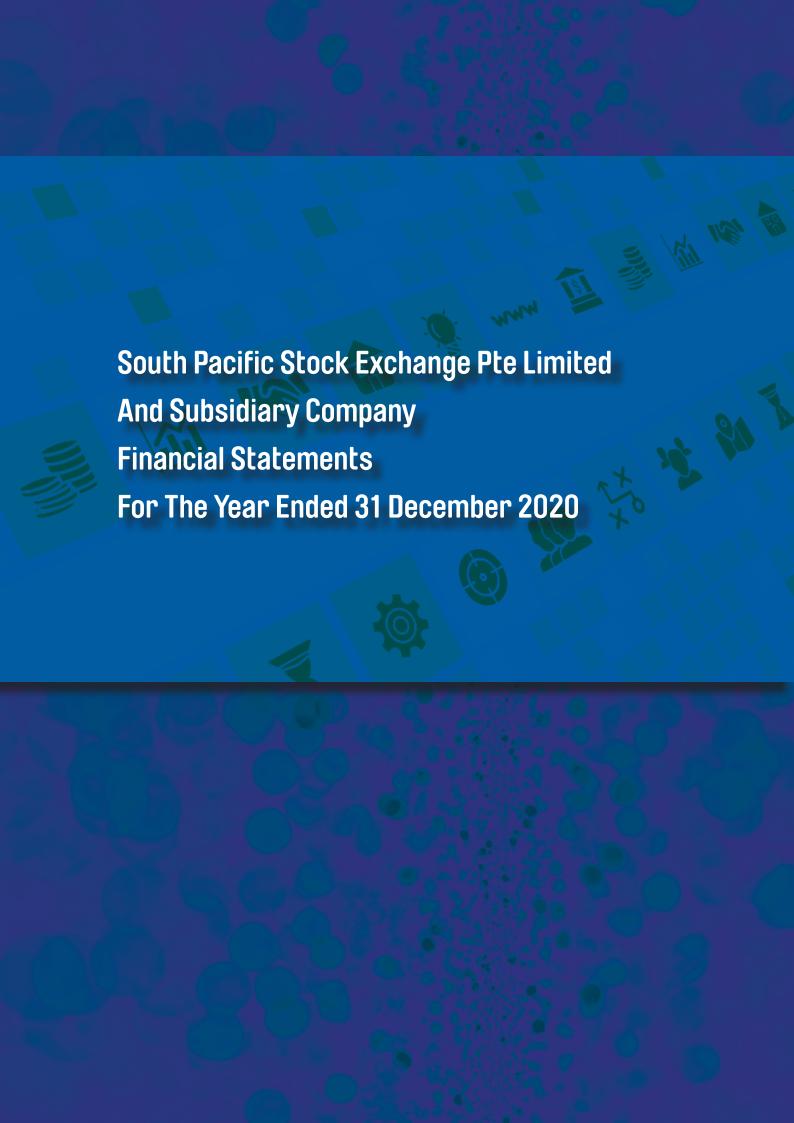
#### **Market Supervision**

A well-developed market supervision framework is necessary to ensure the successful operation of a stock market and as such, the initiatives of the SPX in terms of its supervisory role during the year were linked to the continued efforts of the Exchange focusing on facilitating the orderly, efficient, transparent and timely trading of securities as well as maintaining an orderly market, safeguarding the integrity of the market and ensuring adequate protection for the investors.

In 2020, this was apparent as SPX responded with measures for the extension of deadlines for the publication of financial statements and annual reports by listed entities. SPX announced a regulatory relief informing listed entities and the general public of the extended deadlines to comply with the requirements of filing their financial statements with the SPX.

The following table provides the market supervision highlights for 2020.

Particulars	Description
Number of Market Surveillance queries lodged with licensed stockbroking members	7 market surveillances were triggered by the SPX in 2020. All issues surfaced consequent to share price movements of greater than +/- 10% within a particular day, however, post surveillance it was concluded that there was sufficient quantifiable justification for the share price movement and that trades were executed appropriately.
Number of trading halts/suspensions	During the year a voluntary suspension in trading of Kinetic Growth Fund Limited (KGF) shares was placed due to its non-compliance with Section 50 & 51 of the SPX Listing Rules. This related to the delay in release of the entity's audited financial statements and annual report and subsequently led to breach of Section 49 of the SPX Listing Rules whereby the delay in finalisation of previous period's financial statements consequently impacted finalisation of the half year accounts for the following period.
Listed entities fined for non- compliance with SPX Listing Rules	KGF was fined for non-compliance with the continuing listing requirements due to substantial delays in submission of the entity's 2019 audited financial statements, 2019 annual report and 2020 half year accounts.
Conduct of Stockbrokers	While none of the Stockbroking firms were fined during 2020, there were instances where they were cautioned regarding their conduct on the Electronic Trading Platform (ETP). Additionally, in 2020 as part of its supervisory role, SPX undertook a full-scope onsite examination for FHL Stockbrokers Pte Limited (FHLS) and FijiStock Brokers Pte Limited (FSB).



# SOUTH PACIFIC STOCK EXCHANGE PTE LIMITED AND SUBSIDIARY COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### **DIRECTORS' REPORT**

In accordance with a resolution of the board of directors, the directors herewith submit the statements of financial position of South Pacific Stock Exchange Pte Limited (the holding company) and of the group as at 31 December 2020, the related statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended and report as follows:

#### **Directors**

The names of directors in office at the date of this report are:

Dr Nur Bano Ali – Chairperson Mr Saiyad Hussain
Ms Rowena Fong Mr Gyanesh Rueben

Ms Janice Nand

#### **Principal Activities**

The principal activities of the company and the subsidiary during the year were that of provision of stock exchange and share registry services to listed companies and to non-listed companies and trustee services.

There were no significant changes in the nature of these activities during the financial year.

#### **Results**

The profit after income tax of the company for the year was \$26,736 (2019: \$277,694).

The consolidated profit after income tax attributable to the members of the company for the financial year was \$288,830 (2019: \$533,089).

#### **Dividends**

The directors recommend that no amounts be paid by way of dividend during the year.

#### **Basis of Accounting - Going Concern**

Notwithstanding recent novel coronavirus (COVID-19) global outbreak and significant economic uncertainties resulting there from, the financial statements of the company and the group have been prepared on a going concern basis. We consider the application of the going concern principle to be appropriate in the preparation of these financial statements as we believe that the company and the group has adequate funds to meet its liabilities as and when they fall due over the next twelve months.

#### **Bad Debts and Allowance for Impairment Loss**

Prior to the completion of the financial statements of the company and the group, the directors took reasonable steps to ascertain that action had been taken in relation to writing off of bad debts and the making of allowance for impairment loss. In the opinion of the directors, adequate allowance has been made for impairment loss. As at the date of this report, the directors are not aware of any circumstances, which would render the amount written off for bad debts, or the allowance for impairment loss in the company and group, inadequate to any substantial extent.

#### **Current and Non-Current Assets**

Prior to the completion of the financial statements of the company and the group, the directors took reasonable steps to ascertain whether any current and non-current assets were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the company and the group. Where necessary, these assets have been written down or adequate allowance has been made to bring the values of such assets to an amount that they might be expected to realise. As at the date of this report, the directors are not aware of any circumstances, which would render the values attributed to current and non-current assets in the company's and the group's financial statements misleading.

#### **Unusual Transactions**

In the opinion of the directors, other than the impact on the business activities resulting from novel coronavirus outbreak, the results of the operations of the company and the group during the financial year were not substantially affected by any item, transaction or event of a material unusual nature, nor has there arisen between the end of the financial year and the date of this report, any item, transaction or event of a material unusual nature, likely in the opinion of the directors, to affect substantially the results of the operations of the company and the group in the current financial year.

# SOUTH PACIFIC STOCK EXCHANGE PTE LIMITED AND SUBSIDIARY COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### **DIRECTORS' REPORT [CONT'D]**

#### Significant Events During the Year

The COVID-19 global pandemic developed during the early part of the year presents a significant challenge for Fiji and many countries including main trading partners of Fiji. Measures taken to contain the virus are already having a significant negative economic impact on global markets. Economic activities in Fiji have also been drastically impacted with business disruptions and levels of activity already reduced in most market sectors.

The group's revenue such as listing fee, facility fee from trading activity and entry fee for share registry maintenance was mainly affected during the year due to restrictions, business closures and significant disruptions to ways entities would normally operate.

Furthermore, the 2020 World Exchange Congress (WEC) has been postponed to a date to be announced later. The decision to postpone the event is stemming from the unfavourable impact of the Coronavirus as the impact on the Congress in Fiji is probable due to the imminent involvement of the international delegates from multiple countries intending to be part of the event.

The group continues to monitor and assess its business operations daily, and will undertake actions as appropriate.

#### **Events Subsequent to Balance Date**

No matters or circumstances have arisen since the end of the financial year which would require adjustment to disclosure in the financial statements.

#### **Other Circumstances**

As at the date of this report:

- i.) no charge on the assets of the company and the group has been given since the end of the financial year to secure the liabilities of any other person;
- ii.) no contingent liabilities have arisen since the end of the financial year for which the company and the group could become liable; and
- iii.) no contingent liabilities or other liabilities of the company and the group have become or are likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the company and the group to meet its obligations as and when they fall due.

As at the date of this report, the directors are not aware of any circumstances that have arisen, not otherwise dealt with in this report or the company's and the group's financial statements which would make adherence to the existing method of valuation of assets or liabilities of the company and the group misleading or inappropriate.

#### **Directors' Benefits**

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits disclosed in the financial statements and / or those included in the aggregate amount of emoluments received or due and receivable by directors shown in the financial statements or received as the fixed salary of a full-time employee of the company and the group or of a related corporation) by reason of a contract made by the company and the group or by a related corporation with the director or with a firm of which he / she is a member, or with a company in which he/she has a substantial financial interest.

For and on behalf of the board and in accordance with a resolution of the board of directors.

Dated this 30th day of March 2021.

Director

Director

# SOUTH PACIFIC STOCK EXCHANGE PTE LIMITED AND SUBSIDIARY COMPANY FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### **DIRECTORS' DECLARATION**

The declaration by directors is required by the Companies Act, 2015.

The directors of the company have made a resolution that declares:

- a) In the opinion of the directors, the financial statements of the company and the group for the financial year ended 3 I December 2020:
  - i.) comply with the International Financial Reporting Standards and give a true and fair view of the financial position of the company and the group as at 3 I December 2020 and of the performance and cash flows of the company and the group for the year ended 3 I December 2020; and
  - ii.) have been prepared in accordance with the Companies Act, 2015;
- b) The directors have received independence declaration by auditors as required by Section 395 of the Companies Act, 2015; and
- c) At the date of this declaration, in the opinion of the directors, there are reasonable grounds to believe that the company and the group will be able to pay its debts as and when they become due and payable.

For and on behalf of the board and in accordance with a resolution of the board of directors.

Dated this 30th day of March 2021.

Director



Tel: +679 331 4300 Fax: +679 330 1841 Email: info@bdo.com.fj Offices in Suva and Lautoka BDO Chartered Accountants Level 10, FNPF Place 343 Victoria Parade GPO Box 855 Suva, Fiji

#### SOUTH PACIFIC STOCK EXCHANGE PTE LIMITED AND SUBSIDIARY COMPANY

### AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF SOUTH PACIFIC STOCK EXCHANGE PTE LIMITED

As group auditor for the audit of South Pacific Stock Exchange Pte Limited and Subsidiary Company for the financial year ended 31 December 2020, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Companies Act, 2015 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

ロリンコラ 一つ

Wathsala Suraweera Partner Suva, Fiji

BDO

**CHARTERED ACCOUNTANTS** 

30 March 2021

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#### INDEPENDENT AUDITOR'S REPORT

#### TO THE SHAREHOLDERS OF SOUTH PACIFIC STOCK EXCHANGE PTE LIMITED

#### **Opinion**

We have audited the financial statements of South Pacific Stock Exchange Pte Limited (the company) and the consolidated financial statements of South Pacific Stock Exchange Pte Limited and subsidiary company (the group), which comprise the statements of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 3 l December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting standards (IFRS).

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISA). 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 company and in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Fiji and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Emphasis of Matter**

We draw attention to Note 10.2 to the financial statements, which describes the uncertainties surrounding the hosting of the World Exchange Congress due to the impact of COVID-19 pandemic and the ultimate outcome of the full recoverability of amount of \$385,976 paid to Terrapinn Holdings Limited in prior year in relation to this. Our opinion is not qualified in respect of this matter.

#### **Other Information**

The management and directors are responsible for the other information. The other information comprises of the information included in the directors' report but does not include the financial statements and the 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 during 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 the Management and Those Charged with Governance for the Financial Statements

The management and directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS and the Companies Act, 2015, and for such internal control as the management and directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management and directors are responsible for assessing the company'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 the management and directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

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#### **INDEPENDENT AUDITOR'S REPORT [CONT'D]**

#### TO THE SHAREHOLDERS OF SOUTH PACIFIC STOCK EXCHANGE PTE LIMITED (CONT'D)

#### 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 ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud and 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 the financial statements.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit
  procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The
  risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,
  forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's and directors' 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 company's ability to continue as a going concern. If we conclude that 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance 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.

#### Report on Other Legal and Regulatory Requirements

In our opinion, the financial statements have been prepared in accordance with the requirements of the Companies Act, 2015 in all material respects, and;

- a) we have been given all information, explanations and assistance necessary for the conduct of the audit; and
- b) the company has kept financial records sufficient to enable the financial statements to be prepared and audited.

BDO

**CHARTERED ACCOUNTANTS** 

Wathsala Suraweera

Partner Suva, Fiji

30 March 2021

# SOUTH PACIFIC STOCK EXCHANGE PTE LIMITED AND SUBSIDIARY COMPANY STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

		Gr	oup	Compa	any
	Notes	2020	2019	2020	2019
		\$	\$	\$	\$
Revenue	5.1	1,066,017	1,306,813	429,518	632,457
Other operating income	5.2	439,923	792,517	670,651	1,007,239
Total revenue		1,505,940	2,099,330	1,100,169	1,639,696
Impairment loss on trade and other receivables		-	(10,000)	-	(10,000)
Impairment loss on plant and equipment		(108,240)	-	(108,240)	-
Depreciation and amortisation		(254,231)	(230,325)	(223,287)	(199,710)
Staff and employee benefits	5.3	(395,284)	(388,744)	(395,284)	(388,744)
Operating expenses	5.4	(333,522)	(748,535)	(286,353)	(639,971)
Finance costs		(61,578)	(59,577)	(61,578)	(59,577)
Profit before income tax		353,085	662,149	25,427	341,694
Income tax (expense) / benefit	6.1	(64,255)	(129,060)	1,309	(64,000)
Net profit after income tax		288,830	533,089	26,736	277,694
Other comprehensive income					
Total comprehensive income for the year		288,830	533,089	26,736	277,694

The accompanying notes form an integral part of this Statements of Profit or Loss and Other Comprehensive Income.

# SOUTH PACIFIC STOCK EXCHANGE PTE LIMITED AND SUBSIDIARY COMPANY STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

		Gr	oup	Con	npany
N	lote	2020	2019	2020	2019
		\$	\$	\$	\$
Accumulated Profits					
Balance at the beginning of the year		1,519,593	986,504	1,154,919	877,225
Net profit after tax		288,830	533,089	26,736	277,694
Balance at the end of the year		1,808,423	1,519,593	1,181,655	1,154,919
Share capital					
Balance at the beginning of the year		120,000	120,000	120,000	120,000
Balance at the end of the year	20	120,000	120,000	120,000	120,000
Total shareholders' equity		1,928,423	1,639,593	1,301,655	1,274,919

# SOUTH PACIFIC STOCK EXCHANGE PTE LIMITED AND SUBSIDIARY COMPANY STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Notes	Gre	oup	Com	pany
		2020	2019	2020	2019
		\$	\$	\$	\$
CURRENT ASSETS					
Cash at bank	7	866,592	841,734	197,134	486,616
Cash in dividend account	8	750,733	1,249,106	-	-
Cash in trust account	9	1,543,822	1,077,840	-	-
Trade and other receivables	10.1	56,631	148,603	46,188	159,160
Other investments	11.1	335,688	335,587	235,688	235,587
Units in Unit Trust of Fiji Current tax asset	12.1 6.3	400,000	400,000	13,846	-
Prepayments	10.2	458,848	451,502	457,243	451,317
Total current assets	10.2	4,412,314	4,504,372	950,099	1,332,680
iotal current assets		1,112,511	1,50 1,57 2	750,077	1,332,000
NON-CURRENT ASSETS					
Units in Unit Trust of Fiji	12.2	188,420	182,801	188,420	182,801
Other investments	11.2	400,000	200,000	400,000	200,000
Investment in subsidiary	13	-	-	50,000	50,000
Plant and equipment	14	287,358	512,247	284,598	506,503
Intangibles	15	103,169	98,423	31,625	-
Right-of-use assets	19	718,321	809,931	718,321	809,931
Deferred tax asset	6.2	48,187	19,834	48,187	19,834
Total non-current assets		1,745,455	1,823,236	1,721,151	1,769,069
TOTAL ASSETS		6,157,769	6,327,608	2,671,250	3,101,749
CURRENT LIABILITIES					
Trade and other payables	16.1	223,681	315,250	54,355	220,136
Deferred income	18	509,992	693,676	509,992	693,676
Current tax liability	6.3	721	94,372	-	50,303
Funds for dividend payable	8	1,150,733	1,649,106	-	-
Funds for trust payable	9	1,538,971	1,072,896	=	-
Lease liability	19	61,539	56,142	61,539	56,142
Employee benefit liability	17	4,984	6,309	4,984	6,309
Total current liabilities		3,490,621	3,887,751	630,870	1,026,566
NON-CURRENT LIABILITIES					
Lease liability	19	738,725	800,264	738,725	800,264
Total non-current liabilities		738,725	800,264	738,725	800,264
TOTAL LIABILITIES		4,229,346	4,688,015	1,369,595	1,826,830
NET ASSETS		1,928,423	1,639,593	1,301,655	1,274,919
SHAREHOLDERS' FUNDS					
Share capital	20	120,000	120,000	120,000	120,000
Accumulated profits		1,808,423	1,519,593	1,181,655	1,154,919
TOTAL SHAREHOLDERS' EQUITY		1,928,423	1,639,593	1,301,655	1,274,919

The accompanying notes form an integral part of this Statements of Financial Position.

Signed for and on behalf of the Board of Directors and in accordance with a resolution of the board of directors.

Director Director

# SOUTH PACIFIC STOCK EXCHANGE PTE LIMITED AND SUBSIDIARY COMPANY STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

		Group		Company	
	Note	2020	2019	2020	2019
		\$	\$	\$	\$
Operating activities					
Receipts from customers		1,608,432	1,804,522	874,740	1,075,412
Government grant		108,948	720,015	108,948	692,445
		1,717,380	2,524,537	983,688	1,767,857
Payments to suppliers and employees		(1,220,053)	(1,670,143)	(918,763)	(1,329,504)
Income tax paid		(186,259)	(81,325)	(91,193)	(41,736)
Net cash flows provided by / (used in) operating activities		311,068	773,069	(26,268)	396,617
Investing activities					
Payment for plant and equipment		(38,621)	(441,079)	(38,621)	(441,079)
Acquisition of intangible asset		(19,580)	(2,760)	(18,500)	-
Proceeds from sale of fixed assets		-	10,000	-	8,580
Payments for investments		(200,000)	(100,000)	(200,000)	-
Interest received		28,133	19,985	23,610	17,840
Net cash flows used in investing activities		(230,068)	(513,854)	(233,511)	(414,659)
Financing activities					
Proceeds from related party advances		-	-	26,439	113,657
Payment of lease liability		(56,142)	(37,542)	(56,142)	(37,542)
Net cash flows provided by / (used in) financing activities		(56,142)	(37,542)	(29,703)	76,115
Net increase / (decrease) in cash and cash equivalents		24,858	221,673	(289,482)	58,073
Cash and cash equivalents at the beginning of the year		841,734	620,061	486,616	428,543
Cash and cash equivalents at the end of the year	7	866,592	841,734	197,134	486,616

# SOUTH PACIFIC STOCK EXCHANGE PTE LIMITED AND SUBSIDIARY COMPANY NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

#### I. GENERAL INFORMATION

#### a) Corporate Information

The South Pacific Stock Exchange Pte Limited is a limited liability company incorporated and domiciled in Fiji. The company's registered office is located at Shop I and II, Sabrina Building, Victoria Parade, Suva. The group owners have the power to amend the financial statements, if applicable. The financial statements of South Pacific Stock Exchange Pte Limited and subsidiary company for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the board of directors on 30 March 2021.

#### b) Principle Activities

The principal activities of the company and the subsidiary during the year were that of provision of stock exchange and share registry services to listed companies and to non-listed companies and trustee services.

There were no significant changes in the nature of these activities during the financial year.

#### 2. BASIS OF PREPARATION

#### a) Basis of preparation

The company and the group's financial statements have been prepared on a historical cost basis and do not take into account changing money values or current valuations of non-current assets unless otherwise stated. The company and the group financial statements are presented in Fiji dollars.

#### b) Statement of compliance

The financial statements of the company and the group have been prepared in accordance with International Financial Reporting Standards (IFRS) and with the requirements of the Companies Act, 2015.

#### c) Basis of consolidation

#### **Subsidiaries**

The consolidated financial statements incorporate the financial statements of all the companies that comprise the group, being South Pacific Stock Exchange Pte Limited (holding company) and its 100% subsidiary company, Central Share Registry Pte Limited.

The holding company reassess whether or not it controls an investee on the basis of the three elements of control listed below.

Control is achieved when the holding company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

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

Consolidation of a subsidiary company occurs when the holding company is determined to exert control over the subsidiary company and ceases when the holding company is determined not to be able to exert control over the subsidiary company.

The acquisition method of accounting is used to account for the acquisition of subsidiary companies by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of the exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interests. The excess of the cost of the acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the group's statement of profit or loss as fair value gain on acquisition.

#### 2. BASIS OF PREPARATION (CONT'D)

#### c) Basis of consolidation (cont'd)

Changes in the holding company's ownership interest in a subsidiary company that does not result in the holding company losing control of the subsidiary company are equity transactions (i.e. transactions with owners in their capacity as owners) and accordingly reflected directly in the statement of changes in equity of the group.

#### d) Presentation and functional currency

The companies in the group operate in Fiji and hence the financial statements are presented in Fiji dollars, which is the companies functional and presentation currency.

#### e) Changes in accounting policies

#### New standards, interpretations and amendments effective from I January 2020

Other new and amended standards that have been adopted in the annual financial statements for the year ended 3 I December 2020, but have not had a significant effect on the company are:

- IAS I Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment

   Disclosure Initiative-Definition of Material) and
- Revisions to the Conceptual Framework for Financial Reporting

#### 3. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In application of the company's and group's accounting policies, which are described in Note 4, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

The critical judgements and assumptions made in applying the accounting policies of the company and the group have been disclosed under the following notes to the financial statements:

Note 4 (f) - Impairment of plant and equipment

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies adopted by the company and the group is set out in this note.

#### a) Financial Instruments

#### (i) Recognition and initial measurement

Receivables and debt securities are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the company and the group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

#### (ii) Classification and subsequent measurement

#### Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

#### a) Financial Instruments (Cont'd)

#### (ii) Classification and subsequent measurement (Cont'd)

#### Financial assets (Cont'd)

Financial assets are not reclassified subsequent to their initial recognition unless the company and the group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified or measured at amortised cost or FVOCI are measured at FVTPL. On initial recognition, the company and the group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI or as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Financial assets: Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the company and the group changes its business model for managing financial assets.

#### Financial assets: Subsequent measurement and gains and losses

#### Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### (iii) Derecognition

#### Financial assets

The company and the group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company and the group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The company and the group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

#### Financial liabilities

The company and the group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The company and the group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

#### (iv) Modifications of financial assets

If the terms of a financial asset are modified, the company and the group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised (refer 4(a)(iii)) and a new financial asset is recognised at fair value.

#### (iv) Modifications of financial assets (Cont'd)

#### a) Financial Instruments (Cont'd)

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the group recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower (see (4(b)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

#### (v) Offsetting

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

#### b) Impairment for financial instruments

The company's and the group's receivable balance mainly relates to maintenance fee, which are generally settled within 30 days and there is no significant risk of default occurring. Historically, the receivable balance has not been subject to any impairment loss and write offs.

The company and the group assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. An allowance for impairment is established when there is objective evidence that the company and the group will not be able to collect all amounts due according to the original terms of receivables. Subsequent recoveries of amounts previously written off are credited to other income in the statement of profit or loss.

#### c) Cash and cash equivalents

For the purpose of statements of cash flows, cash and cash equivalents comprise of cash on hand and cash in bank and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### d) Dividend Funds

Liabilities in respect of trust funds are recorded in the statements of financial position and related funds are maintained in a separate bank account which is recorded as an asset "Cash in dividend trust account" and invested in Unit Trust of Fiji by way of units.

#### e) Trust Funds

Liabilities in respect of trust funds are recorded in the statement of financial position and related funds are maintained in a separate bank account which is recorded as an asset "Cash in trust account".

#### f) Plant and equipment

Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the company and the group recognises such parts as individual assets with specific useful lives and depreciates them accordingly. All other repair and maintenance costs are recognised in statements of profit or loss as incurred. Plant and equipment are stated at deemed cost less accumulated depreciation and any impairment in value. The principal depreciation rates in use are:

Furniture and fittings 10% - 24% Equipment 10% - 24% Motor vehicles 20% - 33% Computers 33.33%

Profit and loss on disposal of plant and equipment are taken into account in determining profit or loss for the year.

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount. The recoverable amount of plant and equipment is the greater of net selling price and value in use. In assessing 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 an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognised in the statements of profit or loss.

#### g) Trade and other payables

Trade accounts payables and other payables are recognized when the company and group becomes obliged to make future payments resulting from the purchase of goods and services.

#### h) Provisions

Provisions are recognised when the company and the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and reliable estimate can be made of the amount of the obligation. Where the company and the group expect a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain. If the effect of time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

#### i) Foreign currency transactions

#### Transactions and balances

All foreign currency transactions during the year are brought to account using the exchange rate in effect at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year – end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of profit or loss.

#### j) Employee benefits

This provision for annual leave is made in respect of all employees and is calculated on the basis of pro-rata entitlements based on current salary and wage levels.

Defined contribution plans

Contributions to Fiji National Provident Fund are expensed when incurred.

#### k) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in the statements of profit or loss in the year in which expenditure is incurred.

#### l) Taxes

#### Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the companies operate and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statements of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax

Deferred tax is provided using the balance sheet method in respect of temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

#### (I) Taxes (cont'd)

#### Deferred tax (con'd)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### Value Added Tax (VAT)

Revenues, expenses, assets and liabilities for the subsidiary company are recognised net of the amount of Value Added Tax (VAT), except:

- a) where the amount of VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- b) for receivables and payables which are recognised inclusive of VAT.

The amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables. The VAT component of cash flows arising from operating and investing activities which is recoverable from or payable to, the taxation authority is classified as part of operating cash flows.

#### m) Revenue recognition

The company and the group recognises revenue from selling goods or services to customers at an amount that reflects the consideration to which it expects to be entitled in exchange for those goods and services. Revenue is recognised at an amount that reflects the consideration that the group is expected to be entitled to in exchange for transferring goods or services to a customer, using a five-step model for each revenue stream as prescribed in IFRS 15. The five-step model is as follows:

- Identification of the contract;
- Identification of separate performance obligations for each good or service;
- Determination of the transaction price;
- Allocation of the price to performance obligations; and
- Recognition of revenue.

Revenue recognition with respect to the company and the group's specific business activities are as follows:

#### (i) Rendering of services

Fee income is recongised when due and receivable except that listing fees are deferred to future periods and are not recognised as income until the listing takes place. Facility fee income is received from broking members for the facilitation of trading.

#### (ii) Government grant

Government grant income relating to operating costs and specific projects is recognised in the year in which these expenses have been incurred.

#### (iii) Interest income

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

#### n) Comparatives

Where necessary, amounts relating to prior year have been reclassified and restated to conform with presentation in the current year.

#### o) Leases

At inception of a contract, the company and the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company and the group assesses whether:

- the contract involves the use of an identified asset this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the company and the group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the company and the group has the right to direct the use of the asset. The company and the group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the company and the group has the right to direct the use of the asset if either:
- the company has the right to operate the asset; or the company and the group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the company and the group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the company and the group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

#### Policy applicable as a lessee

The company and the group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Generally, the company and the group uses its incremental borrowing rate as the discount rate.

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the company and the group is reasonably certain to exercise, lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company and the group's estimate of the amount expected to be payable under a residual value guarantee, or if the company and the group changes its assessment of whether it will exercise a purchase, extension or termination option.

#### o) Leases (Cont'd)

#### Policy applicable as a lessee (cont'd)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The company and the group presents right-of-use assets and lease liabilities as separate line items in the statement of financial position (refer note 19).

#### Short-term leases and leases of low-value assets

The company and the group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The company and the group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Assets held under other leases were classified as operating leases and were not recognised in the company and the group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

#### p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

#### q) Investment in subsidiaries

A subsidiary is an entity in which the company have power to control the financial and operating policies so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the company has such power over another entity. An investment in subsidiary is stated at cost less impairment losses. On disposal of such an investment, the difference between the net disposal proceeds and its carrying amount is included in the statement of profit or loss.

#### r) Finance income and finance costs

The company's and the group's finance income and finance costs include:

- interest income on term deposits and advances;
- interest expense on borrowings; and
- impairment losses (and reversals) on investments in debt securities carried at amortised cost.

Interest income or expense is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Company   Comp	2019 \$ 209,151 - 10,084 20,000 150 16,000 352,032 25,040 - - 632,457
<b>5.1 Revenue</b> Annual listing fees       243,663       209,151       243,663         Distribution fees       72,721       107,170       -         Registry maintenance fees       313,778       312,706       -         Listing application fees       -       10,084       -         Membership fees       20,000       20,000       20,000         Private transfer fees       -       150       -         Subsequent listing       10,000       16,000       10,000         SPX facility fee       147,355       352,032       147,355         Fines and penalties       8,500       25,040       8,500	209,151 - 10,084 20,000 150 16,000 352,032 25,040
Annual listing fees       243,663       209,151       243,663         Distribution fees       72,721       107,170       -         Registry maintenance fees       313,778       312,706       -         Listing application fees       -       10,084       -         Membership fees       20,000       20,000       20,000         Private transfer fees       -       150       -         Subsequent listing       10,000       16,000       10,000         SPX facility fee       147,355       352,032       147,355         Fines and penalties       8,500       25,040       8,500	10,084 20,000 150 16,000 352,032 25,040
Annual listing fees       243,663       209,151       243,663         Distribution fees       72,721       107,170       -         Registry maintenance fees       313,778       312,706       -         Listing application fees       -       10,084       -         Membership fees       20,000       20,000       20,000         Private transfer fees       -       150       -         Subsequent listing       10,000       16,000       10,000         SPX facility fee       147,355       352,032       147,355         Fines and penalties       8,500       25,040       8,500	10,084 20,000 150 16,000 352,032 25,040
Distribution fees       72,721       107,170       -         Registry maintenance fees       313,778       312,706       -         Listing application fees       -       10,084       -         Membership fees       20,000       20,000       20,000         Private transfer fees       -       150       -         Subsequent listing       10,000       16,000       10,000         SPX facility fee       147,355       352,032       147,355         Fines and penalties       8,500       25,040       8,500	10,084 20,000 150 16,000 352,032 25,040
Registry maintenance fees       313,778       312,706       -         Listing application fees       -       10,084       -         Membership fees       20,000       20,000       20,000         Private transfer fees       -       150       -         Subsequent listing       10,000       16,000       10,000         SPX facility fee       147,355       352,032       147,355         Fines and penalties       8,500       25,040       8,500	20,000 150 16,000 352,032 25,040
Listing application fees       -       10,084       -         Membership fees       20,000       20,000       20,000         Private transfer fees       -       150       -         Subsequent listing       10,000       16,000       10,000         SPX facility fee       147,355       352,032       147,355         Fines and penalties       8,500       25,040       8,500	20,000 150 16,000 352,032 25,040
Membership fees       20,000       20,000       20,000         Private transfer fees       -       150       -         Subsequent listing       10,000       16,000       10,000         SPX facility fee       147,355       352,032       147,355         Fines and penalties       8,500       25,040       8,500	20,000 150 16,000 352,032 25,040
Private transfer fees       -       150       -         Subsequent listing       10,000       16,000       10,000         SPX facility fee       147,355       352,032       147,355         Fines and penalties       8,500       25,040       8,500	150 16,000 352,032 25,040
SPX facility fee     147,355     352,032     147,355       Fines and penalties     8,500     25,040     8,500	352,032 25,040 -
SPX facility fee       147,355       352,032       147,355         Fines and penalties       8,500       25,040       8,500	25,040 - <u>-</u>
Fines and penalties 8,500 25,040 8,500	25,040 - <u>-</u>
	- 
	632,457
Entry fees - 4,480 -	632,457
1,066,017 1,306,813 429,518	
5.2 Other operating income	
Annual government grant 292,632 478,897 292,632	446,305
Management fees - 261,066	281,899
Interest earned 28,234 20,084 23,711	17,939
Dividend earned 5,619 7,050 5,619	7,050
Annual awards (a) - 196,569 -	196,569
Training income (a) 13,200 46,800 13,200	46,800
Miscellaneous income 100,238 43,117 74,423	10,677
439,923 792,517 670,651	1,007,239
a) Annual awards and training income include registration fees, sponsorship in cash and in kind and ticket sales, etc.	
5.3 Staff and employee benefits	27.120
Directors fees 41,340 36,120 41,340	36,120
Salaries and wages 300,496 270,582 300,496	270,582
FNPF contribution 20,322 25,125 20,322	25,125
FNU contribution 3,687 3,036 3,687	3,036
Insurance 16,346 13,950 16,346	13,950
Training and development 10,169 37,168 10,169	37,168
Travelling expenses 2,924 2,763 2,924 2,007 304 305 304	2,763
<u> 395,284</u> <u> 388,744</u> <u> 395,284</u>	388,744
5.4 Operating expenses	
Auditor's remuneration	
- audit services 13,500 13,800 9,000	9,300
- other services 4,927 6,401 3,350	4,824
Annual awards - 173,468 -	173,468
IT Expense 47,153 24,178 30,863	21,814
Electricity 9,918 8,752 9,918	7,942
Investor education program 55,840 143,276 55,840	143,276
RBF licence 6,158 6,159 6,158	6,159
Rent - 20,340 -	9,474
Sub-licensing fee 98,181 100,608 98,181	100,608
World Exchange Congress - 29,605 -	29,605
Other operating expenses         97,845         221,948         73,043	133,501
333,522 748,535 286,353	639,971

		Gr	oup	Comp	any
		2020	2019	2020	2019
6.	INCOME TAX	\$	\$	\$	\$
6. I	Income tax expense				
	A reconciliation between tax expense and the product of accordance 2020 and 2019 is as follows:	ounting profit multi	plied by the tax rate	for the years ended	31 December
	Accounting profit before income tax	353,085	662,149	25,427	341,694
	Prima facie tax expense thereon at 20%	70,617	132,430	5,085	68,339
	Over provision of income tax in prior year	(4,324)	(3,162)	(2,070)	(4,131)
	Permanent differences in current year	(2,038)	(208)	(4,324)	(208)
	Income tax expense / (benefit)	64,255	129,060	(1,309)	64,000
6.2	Deferred tax asset				
	Provision for employees entitlement	997	1,237	997	1,237
	Allowance for impairment loss	-	2,000	-	2,000
	Difference between right-of-use asset and lease liability	16,389	9,295	16,389	9,295
	Difference in the cost base of plant and equipment for tax and accounting purpose	30,801	7,302	30,801	7,302
	Balance at the end of the year	48,187	19,834	48,187	19,834
6.3	Current tax liability / (Current tax asset)				
	Movements during the year were as follows:				
	Balance at the beginning of the year	94,372	28,704	50,303	10,106
	Income tax paid	(186,259)	(81,325)	(91,193)	(41,736)
	Under / (over) provision of deferred tax in prior year	(226)	938	(226)	938
	Over provision of income tax in prior year	(2,038)	(3,162)	(2,070)	(4,131)
	Tax liability for the current year	94,872	149,217	29,340	85,126
	Balance at the end of the year	721	94,372	(13,846)	50,303
7.	CASH AND CASH EQUIVALENTS				
	Cash at bank	794,313	670,137	124,855	315,019
	Cash in project account	71,979	171,297	71,979	171,297
	Cash on hand	300	300	300	300
	-	866,592	841,734	197,134	486,616
8.	CASH IN DIVIDEND ACCOUNT				
	Cash in dividend account	750,733	1,249,106		
	_	750,733	1,249,106		_

The subsidiary company holds and pays dividends to shareholders of listed companies which are its customers. This amount is held in two separate bank accounts. The corresponding liability has been disclosed separately in the statement of financial position as "Funds for dividend payable". In 2017, \$400,000 unclaimed dividends by shareholders had been invested in Unit Trust of Fiji by the subsidiary company.

		Gr	oup	Co	mpany
		2020	2019	2020	2019
9.	CASH IN TRUST ACCOUNT	\$	\$	\$	\$
	Cash in trust account	1,543,822	1,077,840	<u> </u>	
		1,543,822	1,077,840	_	

The subsidiary company has entered into a service level agreement with Fijian Government and established a trust arrangement to act as the trustee for all eligible Energy Fiji Limited shareholders who have not applied for the free offer of non-voting EFL shares. EFL has declared dividends in June 2019 and August 2020 and beneficiaries' dividend is held in a separate bank account. The corresponding liability has been disclosed separately in the statement of financial position as "Funds for trust payable".

#### 10. TRADE AND OTHER RECEIVABLES

#### 10.1 Trade and Other Receivables

	Owing by Central Share Registry Pte Limited	-	-	-	26,439
	Accrued revenue	21,241	124,260	11,839	109,692
	Allowance for impairment loss	-	(10,000)	-	(10,000)
	Other receivables	35,390	34,343	34,349	33,029
		56,631	148,603	46,188	159,160
10.2	Prepayments				
	Prepayments	458,848	451,502	457,243	451,317

In prior year, the company made payment to Terrapinn Holdings Limited amounting to \$385,976 for organising the World Exchange Congress. This has been deferred to a later date in light of COVID-19 outbreak and will be recognised as an expense in the statement of profit or loss in the period event takes place. Similarly, revenue received for hosting the World Exchange Congress has been deferred (refer note 18).

Terrapinn Holdings Limited have confirmed that SPX still has the right to host the next World Exchange Congress in Fiji, however, in the event if the event is unable to take place in Fiji, Terrapinn Holdings Limited will retain a certain amount for the costs incurred and refund the remaining balance.

Uncertainties continue to surround on the practical ability to host the World Exchange Congress due to the impact of COVID-19 pandemic and the ultimate outcome of the full recoverability of the above balance.

#### II. FINANCIAL ASSETS

#### II.I Current

	- Circ				
	Term deposits (a)	335,688	335,587	235,688	235,587
11.2	Non-Current				
	Investment in government Viti bonds (b)	400,000	200,000	400,000	200,000

- (a.) Term deposits are placed at Merchant Finance Limited, Kontiki Finance Limited and Westpac Banking Corporation and earn interest at 2% to 5.25%. The deposits are typically held for 12-month term.
- (b.) Two Government Viti bonds are held for 5 years and 10 years term maturing on 30 June 2021 and 2 June 2030 and earns interest at a rate of 4% and 5% respectively.

				Group			Compa	ıny
			2	020	20	19	2020	201
12.	UNITS IN UNIT TRUST OF F	ıjı		\$		\$	\$	
12.1	Current							
	400,000 units @ \$1 each (Income Fur	d) (a)	400,	000	400,0	00		
	(a.) In 2017, the subsidiary company terms of agreement between the Schedule A (3) of the agreement from the dividend account for the guidelines, the board approved in Fiji.	company and the states that the su purpose of maki	e listed and unlis Ibsidiary compai ng an investmen	sted compar ny "shall witl nt of such mo	iies for w ndraw ar oneys". C	rhich share ny moneys On the basis	registry services a unclaimed by sec of the agreemen	are provide curity holde t and intern
2.2	Non-Current							
	Units in Trust of Fiji (Income Fund)		188,	420	182,8	01	188,420	182,80
13.	INVESTMENT IN SUBSIDIAL	RY						
	Investment in Central Share Registry Pt	e Limited					50,000	50,00
	The company holds 100% shares in C	entral Share Regi	stry Pte Limited					
14.	PLANT AND EQUIPMENT	Motor vehicles \$	Furniture and fittings	Offi equipme		omputer uipment \$	Work in Progress \$	Tota
	Group					•		
	Cost:							
	At I January 2020	57,000	330,566	6,5	93	272,579	17,500	684,23
	Additions	-	21,439		-	12,595	4,587	38,62
	Transfer to intangible assets	-	-		-	-	(17,500)	(17,500
	Reversals	-	(7,483)		=	-	-	(7,48
	At 31 December 2020	57,000	344,522	6,5	93	285,174	4,587	697,87
	Accumulated Depreciation:							
	At I January 2020	11,400	55,865	4,6	62	100,064	=	171,99
	Depreciation for the year	11,400	65,877	8	32	52,178		130,28
	At 31 December 2020	22,800	121,742	5,4	94	152,242	-	302,27
	Accumulated Impairment Allowa	nce						
	At 31 December 2019		-		-	-	-	
	At 31 December 2020				-	108,240		108,24
	Net written down value:							
	At 31 December 2020	34,200	222,780	1,0	99	24,692	4,587	287,35
		45 (00	274701					5100

274,701

1,931

172,515

17,500

512,247

45,600

At I January 2020

14.	PLANT AND EQUIPMENT (CONT'D)	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Work in Progress	Total
		\$	\$	\$	\$	\$	\$
	Company						
	Cost:						
	At I January 2020	57,000	327,616	5,455	265,291	17,500	672,862
	Additions	-	21,439	-	12,595	4,587	38,621
	Transfer to intangible assets			-	-	(17,500)	(17,500)
	Reversals	-	(7,483)	-	-		(7,483)
	At 31 December 2020	57,000	341,572	5,455	277,886	4,587	686,500
	Accumulated Depreciation:						
	At I January 2020	11,400	54,449	3,998	96,512	-	166,359
	Depreciation for the year	11,400	65,524	358	50,021	-	127,303
	At 31 December 2020	22,800	119,973	4,356	146,533	-	293,662
	Net written down value:						
	Accumulated Impairment allowance	<b>.</b>					
	At 31 December 2019		=		=	=	
	At 31 December 2020 (a)	-			108,240	-	108,240
	At 31 December 2020	34,200	221,599	1,099	23,113	4,587	284,598
	At I January 2020	45,600	273,167	1,457	168,779	17,500	506,503

<sup>(</sup>a.) Based on the impairment assessment performed by the management, an impairment allowance amounting to \$108,240 has been recognised on the Outdoor LED Screen.

		Group	Company
15.	INTANGIBLE ASSETS	\$	\$
	Cost:		
	At I January 2020	436,480	248,510
	Additions	19,580	18,500
	Transfers	17,500	17,500
	At 31 December 2020	473,560	284,510
	Accumulated amortisation		
	At I January 2020	338,057	248,510
	Amortisation charge for the year	32,334	4,375
	At 31 December 2020	370,391	252,885
	Net written down value:		
	At 31 December 2020	103,169	31,625
	At I January 2020	98,423	

		Gro	up	Com	pany
		2020	2019	2020	2019
16.	TRADE AND OTHER PAYABLES	\$	\$	\$	\$
16.1	Current				
	Accrued expenditure	61,540	208,145	51,987	200,197
	Dividend payable	36,285	26,615	-	-
	Income received in advance	68,125	2,185	-	-
	VAT payable	55,363	58,366	-	-
	Sundry creditor	2,368	19,939	2,368	19,939
		223,681	315,250	54,355	220,136
17.	EMPLOYEE BENEFIT LIABILITY				
	Annual leave entitlements				
	Balance at   January	6,309	6,258	6,309	6,258
	Arising during the year	13,781	13,382	13,781	13,382
	Utilised	(15,106)	(13,331)	(15,106)	(13,331)
	Balance at 31 December	4,984	6,309	4,984	6,309
18.	DEFERRED INCOME				
	Grant income				
	Balance at I January	693,676	452,558	693,676	447,536
	Grant received during the year	108,948	720,015	108,948	692,445
	Release to statement of profit or loss	(292,632)	(478,897)	(292,632)	(446,305)
	Balance at 31 December	509,992	693,676	509,992	693,676

Deferred income comprises of government grants yet to be utilised. Deferred grant will be released to statement of profit or loss as the grant is utilised. Deferred income amounting to \$453,805 relates to the World Exchange Congress to be hosted by the company at a later date. This is to be confirmed once the threat of COVID-19 has been clearly assessed and controlled and will be recognised as income in the statement of profit or loss in the period event takes place.

#### 19. RIGHT OF USE ASSETS AND LEASE LIABILITIES

#### As a lessee

The company leases building for its office premises from Primetime Properties Limited. Information about leases for which the company is a lessee is presented below:

#### Right-of-use assets

Balance at I January	809,931	893,948	809,931	893,948
Depreciation charge for the year	(91,610)	(84,017)	(91,610)	(84,017)
Balance at 31 December	718,321	809,931	718,321	809,931

	Grou	р	Compa	any
RIGHT OF USE ASSETS AND LEASE	2020	2019	2020	2019
LIABILITIES (CONT'D)	\$	\$	\$	\$
Lease liabilities				
Maturity analysis – contractual undiscounted ca	sh flows			
Less than one year	118,810	117,720	118,810	117,720
One to five years	527,560	506,850	527,560	506,850
More than five years	426,190	565,710	426,190	565,710
Total undiscounted lease liabilities at 31 December	1,072,560	1,190,280	1,072,560	1,190,280
Lease liabilities included in the statement of fina	ancial position at 31	December		
Current Non-current	61,539 738,725	56,142 800,264	61,539	56,142 800,264
Current Non-current Total lease liabilities	61,539	56,142	,	
Current Non-current	61,539 738,725 800,264	56,142 800,264	738,725 800,264	800,264 856,406
Current Non-current Total lease liabilities  Amounts recognised in profit or loss	61,539 738,725	56,142 800,264 856,406	738,725	800,264
Current Non-current Total lease liabilities  Amounts recognised in profit or loss	61,539 738,725 800,264 61,578 61,578	56,142 800,264 856,406 59,577	738,725 800,264 61,578	800,264 856,406 59,577

Reconciliation of movement of liabilities to cash flows from financing activities

the end of the contract term.

Reconciliation of movement of liabilities to cash flows from financing activities	Lease liabilities (\$)	Total (\$)
Balance at 1 January 2020	856,406	856,406
Changes from financing cash flows:		
Payment of lease liabilities  Total changes from financing cash flows	(56,142) (56,142)	(56, I 42) (56, I 42)
Other changes – liability related		
Interest expense Interest paid  Total liability related other changes	61,578 (61,578)	61,578 (61,578)
Balance 31 December 2020	800,264	800,264

The lease of land run for a period of five to ten years. The lease includes an option to renew the lease for an additional period after

		_				
			Group	P	Compan	у
			2020	2019	2020	2019
20.	SHARE CAPITAL		\$	\$	\$	\$
	Issued and Paid-up Capital					
	8 ordinary shares	-	120,000	120,000	120,000	120,000
21.	CAPITAL COMMITMENTS					
	Approved and committed	-	5,160		5,160	_
	Approved but not committed	-	46,110	71,390	31,110	71,390
	Capital expenditure commitment mainly	relates to purchase	of computer equipr	ment and enhancem	ent of the system.	
22.	MANAGEMENT FEE COMMITME	NT				
	Management fees are charged on a moservices provided by the company.	onthly basis to the su	bsidiary company, (	Central Share Regist	try Pte Limited for	management
23.	RELATED PARTY TRANSACTION	NS				
23.1	Net owing by related companies					
	Owing by Central Share Registry Pte Lir	nited			-	26,439
				_		
23.2	Transactions with related parties					
	The transactions between the company	and its subsidiary dur	ring the year were:			
	Income				261,066	281,898
	Management fees			_	201,000	201,070
	During the financial year, the company All transactions with related parties were				ons involved broker	rage services.
23.3	Shareholders					
	The company has eight shareholders w	no hold one share ea	ch.			
23.4	<b>Directors</b> Common directors of South Pacific Stock	k Exchange Pte Limit	ed and Central Sha	re Registry Pte Limit	ed during the year	were:
	Dr Nur Bano Ali – Chairperson Mr Saiyad Hussain Ms Rowena Fong	Mr Gyanesh Ruebe Ms Janice Nand	en			
	Directors' fees and allowance	-	41,340	36,120	41,340	36,120

#### 23. RELATED PARTY TRANSATIONS (CONT'D)

#### 23.5 Key Management Personnel Remuneration

Key Management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company and its subsidiary directly or indirectly, including any director (whether executive or otherwise) of that entity.

During the year, Acting Chief Executive Officer and Manager Legal and Company Secretary (2019: Chief Executive Officer and Business Development Manager) were identified as key management personnel.

Compensation paid to key management personnel during the year ended 31 December 2020 and 2019 was:

	2020	2019
	\$	\$
Salaries and other short-term employee's benefits	142,881	144,142

#### 24. FINANCIAL RISK MANAGEMENT - GROUP

#### 24.1 Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of the financial markets and seeks to recognize potential adverse effects on the group's financial performance.

#### (a) Market risk

Market risk is the exposure to adverse changes in the value of the group's trading portfolios as a result of changes in market prices or volatility or the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

#### i) Interest rate risk

The group does not have any interest-bearing borrowings and hence there is no interest rate risk.

The group has significant interest-bearing assets in the form of short-term cash deposits and government bonds. These are at fixed interest rates and hence there are no interest rate risks during the period of investment. For reinvestment of deposits and bonds, the group negotiates an appropriate interest rate with financial institutions and invests with the financial institution which offers the highest interest fixed rate of return.

Given the fixed nature of interest rates described above, the group has a high level of certainty over the impact on cash flows arising from interest income. Accordingly, the group does not require simulations to be performed over impact on net profits arising from changes in interest rates.

#### (b) Credit risk

Credit risk is the risk of financial loss as a result of failure by a customer or counterparty to meet its contractual obligations.

The group's credit risk arises from:

- Cash at bank
- Cash in dividend account
- Cash in trust account
- Short term deposits with banks.
- Credit exposures to customers, including receivables.

The group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the group's maximum exposure to credit risk.

#### 24. FINANCIAL RISK MANAGEMENT - GROUP (CONT'D)

#### 24.1 Financial risk factors (cont'd)

### (b) Credit risk (cont'd) Cash on hand and at bank

The group held cash of \$866,592 (2019: \$841,734), cash in dividend account of \$750,733 (2019: \$1,249,106) and cash in trust account \$1,543,822 (2019: \$1,077,840), respectively. Cash are held with bank and short-term deposits are made only with reputable financial institutions which are regulated by Reserve Bank of Fiji with known sound financial standing. The group considers that its cash have low credit risk based on the external credit ratings of the counterparties.

#### Debt securities

The group limits its exposure to credit risk by investing only in liquid debt securities. The group monitors changes in credit risk by reviewing available press and regulatory information about issuers.

Impairment on debt securities has been measured on the 12-month expected loss basis. The group considers that its debt securities have low credit risk based on the available press and regulatory information about issuers.

The group did not have any debt securities that were past due but not impaired at 31 December 2020. An impairment allowance of Nil (2019: \$Nil) in respect of debt securities at amortised cost (2019: held at amortised cost) was recognised. The group has no collateral in respect of these investments.

#### (c) Liquidity risk

Liquidity risk is the risk that the group is unable to meet its obligations as they fall due, which could arise due to mismatches in cash flows or risk that group will encounter difficulty in meeting obligations associated with financial liabilities.

The group manages liquidity risk by maintaining adequate banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows.

All of the group's financial liabilities at balance date are expected to be settled within the next 12 months.

#### (d) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, and fraud to external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial crisis. The group cannot expect to eliminate all operational risk, but through a control framework and by monitoring and responding to potential risks, the group is able to manage risks. Controls include effective segregation of duties, access, recognized on and reconciliation procedures, staff education and assessment procedures.

#### (e) Regulatory risk

The group's profitability can be significantly impacted by regulatory agencies established. Specifically, the commercial activities of the group are closely monitored by Reserve Bank of Fiji.

The salaries and wages payable to workers are subject to relevant wages regulations and employment legislation.

#### 24.2 Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares and/or sell assets to reduce debt.

# SOUTH PACIFIC STOCK EXCHANGE PTE LIMITED AND SUBSIDIARY COMPANY NOTES TO FINANCIAL STATEMENTS (CONT'D) FOR THE YEAR ENDED 31 DECEMBER 2020

#### 25. SIGNIFICANT EVENTS DURING THE YEAR

The COVID-19 global pandemic developed during the early part of the year presents a significant challenge for Fiji and many countries including main trading partners of Fiji. Measures taken to contain the virus are already having a significant negative economic impact on global markets. Economic activities in Fiji have also been drastically impacted with business disruptions and levels of activity already reduced in most market sectors.

The group's revenue such as listing fee, facility fee from trading activity and entry fee for share registry maintenance was mainly affected during the year due to restrictions, business closures and significant disruptions to ways entities would normally operate.

Furthermore, the 2020 World Exchange Congress (WEC) has been postponed to a date to be announced later. The decision to postpone the event is stemming from the unfavourable impact of the Coronavirus as the impact on the Congress in Fiji is probable due to the imminent involvement of the international delegates from multiple countries intending to be part of the event.

The group continues to monitor and assess its business operations daily, and will undertake actions as appropriate

#### 26. EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which would require adjustment to disclosure in the financial statements.

#### 27. BROKER GUARANTEES

The company holds certificates of term deposits amounting to \$60,000 on behalf of brokers pursuant to certain business rules in order to protect the interests of the broker's clients. The company has no beneficial interest in these funds and, accordingly, such funds are not recorded in the statements of financial position.

#### LICENSED STOCKBROKERS

Name	Address/Contact	Licensed Stockbroker Representatives	Services Provided
FHL STOCKBROKERS PTE LIMITED  FHL STOCKBROKERS	Shop I A & I B Level I, Vanua House 77 Victoria Parade, Suva  PO Box 2110 Government Buildings Suva, Fiji  Phone: (679) 3307 018/9929 898 Fax: (679) 3317 153  Email: info@fhls.com.fj Web: www.fhlstockbrokers.com.fj	I) Mr Simione Vitiarai 2) Mr Epeli Vakatawa	Stockbroking for entities listed on SPX Overseas Trading Facility Over the Counter trading for unlisted stocks Dealing in Bonds issued in Fiji for individuals & institutions Comprehensive financial planning Investment advisory services for investors
FIJISTOCK BROKERS PTE LIMITED  FIJISTOCK Brokers	Level 2, Provident Plaza I 33 Ellery Street, Suva, Fiji PO Box 16355 Suva, Fiji Phone: (679) 3304 675/9995 055 Fax: (679) 3304 679 Email: mail@fijistockbrokers.com.fj Web: www.fijistockbrokers.com.fj	1) Mr Esrom Immanu'el 2) Ms Elenoa Qalotaki 3) Ms Shireen Devi 4) Mr Pranesh Kumar 5) Mr Steven Pritchard 6) Mr Brett Hall 7) Mr Enzo Pirillo	<ul> <li>Stockbroking for entities listed on SPX</li> <li>Bond broking for individual and institutions on bonds issued in Fiji</li> <li>Overseas Trading Facility – on any shares listed on any recognized overseas Stock Exchange</li> <li>Corporate finance and advisory services</li> <li>Expatriate investment advisory services</li> </ul>
KONTIKI STOCKBROKING PTE LIMITED  KONTIKI STOCKBROKING	Level 2, Provident Plaza I 33 Ellery Street, Suva, Fiji PO Box 17904 Suva, Fiji Phone: (679) 3307 284/9922 923 Fax: (679) 3307 241 Email: broking@kontiki.com.fj Web: www.kontikicapital.com.fj	I) Ms Neezarat Ali 2) Ms Raghni Khatri 3) Mr David Oliver	Stockbroking services — on listed and unlisted equity securities in Fiji Debt securities trading for individual and institutions in Fiji Overseas Trading Facility Over the counter trades Customised dealing execution and selected market making Research Reports Underwriting

#### LICENSED INVESTMENT ADVISERS

#### **FHL STOCKBROKERS PTE LTD**

Shop IA & IB Level I, Vanua House 77 Victoria Parade, Suva PO Box 2110, Government Buildings, Suva, Fiji Phone: (679) 3307 018 Fax: (679) 3317 153 Email: info@fhls.com.fj Web: www.fhlstockbrokers.com.fi Licensed Investment Adviser Representatives 1) Mr Abilash Ram

#### FIJISTOCK BROKERS PTE LTD

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2) Ms Pricilla Greig

Email: mail@fijistockbrokers.com.fj Web: www.fijistockbrokers.com.fj

Licensed Investment Adviser Representatives

I) Mr Esrom Immanu'el 2) Mr Steven Pritchard

3) Mr Brett Hall

4) Mr Enzo Pirillo

#### KONTIKI CAPITAL PTE LTD

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Web: www.kontikicapital.com.fj

Licensed Investment Adviser Representatives

I) Mr Griffon Emose

2) Mr David Oliver

3) Mr Jack Lowenstein

4) Mr Jignesh Pala

### **BDO CORPORATE FINANCE (FIJI) PTE**

BDO, Level 10 FNPF Place, Victoria Parade, Suva, Fiji GPO Box 855, Suva, Fiji Phone: (679) 3314 300 Fax: (679) 3301 841 Email: nalin.patel@bdofiji.com pradeep.patel@bdofiji.com Licensed Investment Adviser Representatives 1) Mr Nalin Patel 2) Mr Pradeep Patel

#### KPMG ADVISORY (FIJI) PTE LTD KPMG, Level 10, Suva Central Bldg, Renwick

Road, Suva, Fiji PO Box 32, Suva, Fiji Phone: (679) 3301 155 Fax: (679) 3301 312 Licensed Investment Adviser Representatives 1) Ms Lisa Apted 2) Mr Michael Yee Joy

#### PACIFIC LEGAL NETWORK (PLN) ADVISORY PTY LTD

Level I, East Wing, PO Box GC 36 Garden City Business Park, Raiwai, Suva, Fiji **Australia** 

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1) Mr John Ridgway 2) Ms Jinita Prasad

3) Mr Steven Nutley

#### **PRICEWATERHOUSECOOPERS** ADVISORY PTE LTD

PricewaterhouseCoopers, 8th Floor Civic Tower, Victoria Parade, Suva, Fiji PO Box 200, Suva, Fiji Phone: (679) 3313 955/3315 199 Fax: (679) 3300 981/3300 947 Licensed Investment Adviser Representatives 1) Mr Jerome Kado 2) Mr Nitin Ghandhi 3) Mr Kaushick Chandra

#### **MR DEVEN MAGAN**

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