



Pavillon Holdings Ltd.



STAYING THE COURSE

ANNUAL REPORT 2020





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CORPORATE MAP



CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

DEAR SHAREHOLDERS

2020 was a year unlike any other. Globally, countries had to implement lockdowns and put in place social distancing measures in response to the COVID-19 pandemic, affecting businesses and even everyday life for most of us. It has been a challenging year as the food and beverage (F&B) industry contended to remain open amid the lockdowns, both locally and abroad.

Amid the arduous circumstances, we have taken it as an opportunity to strategise and re-centre our business focus, in preparation of economic recovery and towards greater future prosperity. On behalf of the Board of Directors of Pavillon Holdings Ltd. ("the Group"), we present the annual report of the Group for the financial year ended 31 December 2020 ("FY2020").

FINANCIAL PERFORMANCE

The Group attained a revenue of S\$8.5 million, a decrease of S\$4.5 million from S\$13.0 million in the financial year ended 31 December 2019 ("FY2019"). This was mainly due to decreased revenue from Singapore restaurant operations, as well as the halted financial leasing operations in China. In Singapore, due to Circuit Breaker measures introduced by the government from 7 April 2020, revenue was reduced to about 20% of pre-covid levels as only food delivery services were allowed. Fortunately, in Phase 1 of Singapore's Safe Reopening where groups of up to five diners

were allowed to dine-in, revenue was restored to 70% of pre-covid levels.

Total expenses decreased, down 31.8% to S\$15.2 million. This was mainly due to a decrease in employee compensation costs from decreased staff overhead in China and cost saving measures taken in Singapore, as well as a decrease in other operating expenses. Other income also decreased, by 79.4% year-on-year to S\$2.2 million as the Group had received approximately S\$10 million in FY2019 from a reversal of impairment loss in China and a gain on dilution of equity interest from subsidiary corporations to associated companies. The remaining other income for FY2020 was largely contributed

bringing net assets to a total of S\$33.2 million.

FUTURE PROSPECTS

Though the food and beverage industry in Singapore is expected to remain competitive, Phase 3 of Singapore's Safe Reopening saw business resume to 90% of pre-covid levels. We expect this trend to continue into 2021, as more Singaporeans choose to dine at the restaurant, helping to compensate for the lack of patronage from tourists. In order to provide customers with a safe and clean environment to dine in, as well as provide an assurance of good sanitation and hygiene practices, we have achieved the SG Clean quality mark. Moving forward, we will

The Group has taken the opportunity from the slowdown arising from COVID-19 to centre the focus of the business.

by Singapore, including S\$1.6 million worth of support grants accorded by the Singapore government in assistance of local businesses affected by the COVID-19 outbreak. Overall, the Group made a net loss of S\$5.0 million.

The total assets of the Group stand at S\$40.2 million, decrease from S\$43.3 million in FY2019. While cash and cash equivalents saw a slight increase to S\$8.4 million, trade and other receivables saw a decrease of S\$4.5 million to S\$0.9 million. Total liabilities stood at S\$6.9 million,



DR. JOHN CHEN SEOW PHUN
Executive Chairman



MR LEE TONG SOON
Managing Director

CHAIRMAN, CEO AND MANAGING DIRECTOR'S MESSAGE

continue to remain relevant and competitive by keeping our food fresh and introducing new dishes, promoting our brand on social media, as well as continually provide better service.

The Group has taken the opportunity from the slowdown arising from COVID-19 to centre the focus of the business, and have since suspended leasing operations in early 2020. Meanwhile, our franchise restaurants have been reduced from 5 to 4 from August 2020, with the remaining concentrated in Vietnam and China. In order to drive sustainability in our human capital as well as in our operations, we will continue to provide training for our staff. Additionally, we have invested in digitising our human resourcing processes, which now allows for paperless payroll, and leave application. To reduce our carbon footprint and lower energy consumption, we have also switched to LED lighting in our compounds.

Moving forward, the Group will be concentrating efforts on the logistics hub in China. Although social distancing measures have slowed down the construction process, it is now completed and we have successfully obtained the Temporary Occupation Permit (TOP) and property titles. We are now actively seeking business partners to operate and offer a full suite of services at the hub – logistics, transport and warehousing, financial leasing, vehicle inspection and certification services, car exhibition and showroom, office rental, as well as secretarial and bookkeeping services.

China has ratified the Regional Comprehensive Economic Partnership (RCEP), which when in force, will constitute the largest trade bloc in the world alongside Japan, South Korea, Australia, New Zealand, and the 10 Association of South East Nations (ASEAN) countries. This could reduce up to 90% of tariffs lines and provide a boost to China's e-commerce sector, as

well as provide a more conducive trade environment for cross-border trade – all poised to further boost the logistics scene in China.

CONCLUSION

As a Group, we will continue to strengthen our foundation as we prepare for recovery. On behalf of the Board, we would like to take this opportunity to show our heartfelt appreciation to the staff and management team, whose dedication and hard work are essential and are the lifeblood of the Group. To our clients, business associates and shareholders, a big thank-you for your patience and enduring support as we continue to strive for success.



OPERATIONS REVIEW

TURNOVER AND EARNINGS

In the financial year ended 31 December 2020 ("FY2020"), the Group attained a revenue of S\$8.5 million, a decrease of S\$4.5 million from S\$13.0 million in the financial year ended 31 December 2019 ("FY2019"). This was mainly due to decreased revenue from Singapore restaurant operations, as well as the halted financial leasing operations in China.

Although restaurant operations saw a decrease in revenue from S\$12.4 million to S\$8.1 million, the segment saw a profit of S\$0.20 million after taxation as compared to the loss of S\$0.25 million in FY2019. Corporate and franchising operations saw slight decrease in revenue from S\$0.18 million to S\$0.13 million, which saw the segment make a loss of S\$3.0 million after taxation, similar to the previous year.

As leasing operations were halted, there was no significant revenue, resulting in a loss of S\$3.2 million mainly due to impairment

of receivables. Interest income decreased by 78.0%, to S\$0.62 million as lesser money was placed in fixed deposit. Other income of S\$1.6 million came mainly from government grants. The reduction is mainly due to the absence of valuation gain and reversal of impairment loss in FY2019. Overall, total expenses decreased by 31.8% from S\$22.3 million to S\$15.2 million. This was largely due to a decrease in expenses of raw material costs and employee compensation, as well as other operating expenses.

This brings the total net loss for FY2020 to S\$5.0 million, down from the profit of S\$1.3 million in FY2019, with a net loss of S\$4.1 million attributable to equity holders of the company, while the remaining net loss of S\$0.91 million is attributable to non-controlling interests.

BALANCE SHEET AND CASH FLOWS

Net cash flows used in operating activities totaled S\$0.74 million. Net cash flow used in investing

activities decreased to S\$0.39 million while net cash flow generated from financing activities increased to S\$0.36 million.

Overall, cash and cash equivalents at the end of the financial year increased slightly to S\$8.4 million, but following the reconciliation of bank overdraft, cash and cash equivalents stood at S\$8.0 million.

Current trade and other receivables decreased by S\$4.5 million mainly due to impairment of S\$2.3 million in receivables and a reduction of S\$0.5 million of value-added tax (VAT) receivables. At the same time, current trade and other payables decreased by S\$2.1 million due to a reduction of S\$2.0 million in VAT payable. Net assets for FY2020 stands at S\$33.3 million, down from S\$36.5 million in the previous year.



BOARD OF DIRECTORS



1. **DR. JOHN CHEN SEOW PHUN**
Executive Chairman
2. **MR LEE TONG SOON**
Managing Director
3. **MR FOO DER RONG**
Independent Director
4. **MR KO CHUAN AUN**
Independent Director
5. **MS JO-ANNE CHANG**
Non-Executive and
Non-Independent Director

BOARD OF DIRECTORS

DR. JOHN CHEN SEOW PHUN

Executive Chairman

Dr Chen was appointed as an Independent Director of the Company in December 2001 and was re-designated as Executive Chairman on 1 May 2012. He was the Assistant Secretary General of the NTUC from 1991 to 1997 and served as the Deputy Chairman and Managing Director of the NTUC Healthcare Co-op Ltd from 1992 to 1997. Dr Chen was a Member of Parliament from September 1988 to April 2006. From March 1997 to June 1999, he was the Minister of State for Communications. From June 1999 to November 2001, he was the Minister of State for Communications & Information Technology and Minister of State for National Development. Prior to joining the Government in 1997, Dr. Chen has served as a Board Member of the Economic Development Board, the Housing and Development Board, the Port of Singapore Authority and Singapore Power Ltd. Dr. Chen holds a PhD in Electrical Engineering from the University of Waterloo, Canada. He taught at the National University of Singapore from 1983 to 1991.

MR LEE TONG SOON

Managing Director

Mr Lee is one of the founding shareholders of Thai Village Restaurant Pte Ltd ("TVSR") and has been the Managing Director of TVSR since its incorporation in 1995. He has been instrumental in the Group's expansion and has been shaping the development and growth of the Group's operations since 1991. Prior to founding the Group, Mr Lee was an estate officer with the Housing Development Board from 1983 to 1990. He joined McDonald's Restaurants Pte Ltd as a real estate manager from 1990 to 1991 where he was responsible for finding new locations for new McDonald's restaurants. Mr Lee holds a Bachelor Degree in Arts and Social Science from the National University of Singapore.

MR FOO DER RONG

Independent Director

Mr Foo was appointed an independent Director of the Company on 1 May 2012. He is currently an Executive Director of Aedge Group Ltd., and a Director of Tian International Pte. Ltd.. He is also a Non-Executive Director of Southern Lion Sdn Bhd, Independent Director of Matex International Ltd., Noel Gifts International Ltd. and SLB Development Ltd. He has a wealth of rich experience and knowledge in business development, corporate restructuring, investment strategies and operations management, in a wide range of industries.

He was formally the managing director/CEO of Intraco Ltd from 2013 to 2015 and the Managing Director/CEO of Hanwell Holdings Limited from 2002 to 2012. Mr Foo holds a Bachelor of commerce from the then Nanyang University. Mr Foo was formerly vice chairman and currently a Patron of Teck Ghee CC. Mr Foo was formerly vice chairman and currently Patron of Teck Ghee CC. He is also the Corporate Advisor to At-sunrice GlobalChef Academy Pte Ltd.

BOARD OF DIRECTORS

MR KO CHUAN AUN

Independent Director

Mr Ko joined the Board of Pavillon Holdings Ltd as an Independent Director on 25 July 2016.

Mr Ko is currently the Chairman of HSK Resources Pte Ltd. He was the President and Executive Director of KOP Limited from May 2014 to October 2017. Prior to the reverse take-over exercise by the former, Mr Ko was the Group CEO and Executive Director of Scorpio East Holdings Ltd from March 2012 to May 2014. Mr Ko also holds chairmanships and directorships in various private and public companies. He is an Independent Director of Koon Holdings Ltd, KSH Holdings Ltd and Lian Beng Group Ltd. Mr Ko has more than 15 years of working experience with the former Trade Development Board of Singapore (TDB, now known as Enterprise Singapore or ESG). His last appointment with then TDB was Head of China Operations.

In the past 30 years, Mr Ko has been very actively involved in business investments in the PRC market. He was previously appointed as a Member of the Steering Committee of the Network China. In addition, he served as the Chairman of the Tourism Sub-Committee under the Singapore-Sichuan Trade & Investment Committee as well as Investment Advisor to the Fushun Foreign Trade & Economic Co-operation bureau, PRC respectively.

Mr Ko is currently holding an appointment as Vice President of the Enterprise Singapore Society as well as a Council Member of the Singapore-China Business Association. Mr Ko was awarded the service to Education (Pewter) by the Ministry of Education in 2016. Mr Ko holds a Diploma in Export Marketing, which is equivalent to Danish Niels Brock International Business Degree Program.

MS JO-ANNE CHANG

Non-Executive and Non-Independent Director

Ms Chang joined the Board of Pavillon Holdings Ltd as a Non-Executive and Non-Independent Director on 1 September 2014. She is currently a Director and Shareholder of Rossbay Private Limited, which owns approximately 10.32% of Pavillon Holdings Ltd. As the CEO of Rossbay, Ms Chang is active in originating and managing investments. Prior to Rossbay, she had held various positions in several companies including Merrill Lynch and Standard Chartered Bank.

Ms Chang holds a Bachelor of Laws (LLB) and a Master of Laws (LLM) from King's College, University of London, and is a Barrister-at-Law at Lincoln's Inn, London. She also holds a Master of Business Administration (MBA) from the New York University Leonard N. Stern School of Business.

KEY EXECUTIVES

MR KOK NYONG PATT

Chief Operating Officer

Mr Kok is one of the founding shareholders of the TVSR and held the position as director since its inception in 1995. Prior to his retirement as Executive Director at the Annual General Meeting held on 28 May 2020, his area of responsibilities include business development, business strategy and planning, human resource management and business administration. Prior to joining the group in 1992, Mr Kok was a petroleum cargo officer with Hong Lam Shipping Pte Ltd from 1986 to 1992.

On 1 July 2020, Mr Kok was appointed as the Chief Operating Officer of the Company. His responsibilities include oversee operations of all subsidiaries, provide management to staff and leadership to align business plans and overall strategic vision and implementation of growth strategies and processes to drive results from operational and financial perspectives.

MR MAXTEIN OH KOK THAI

General Manager – Restaurant Operations

Mr Oh was appointed as Group General Manager on 1 May 2006 to oversee the restaurant operations including regional business development, human resource & administration as well as sales & marketing. He joined the Group in 1997 as Restaurant Manager and was promoted to Group Operations Manager in 2000 to oversee the operations in Singapore. He was posted to Beijing, China in 2001 as General Manager (Northern China's Operation) for setting up and managing the restaurants in Northern China and franchise operations in China. He was promoted to General Manager for China's Operation in 2004, based in Shanghai to oversee the operations in China. Prior to joining the Group, he has held managerial positions with Conrad International Centennial Singapore, Pondok Gurame Group of Restaurants, Jumbo Group of Restaurants, Yunnan Group of Restaurants and he has also worked with The Westin Stamford and The Westin Plaza. Mr Oh is a graduate from American Hotel and Lodging Educational Institute in Hospitality Management and he holds a certificate in Advanced certificate in Training And Assessment from Institute of Adult Learning Singapore. He is a certificate Industry Trainer and Assessor as well as a Certified WSQ Trainer and Assessor by Institute of Technical Education Singapore and Singapore Workforce Development Agency.

MR ZHENG FENGWEN

Advisor – Real Estate & Finance business

Mr. Zheng Feng Wen was executive director and CEO from 27 March 2014 until 30 September 2019. He is presently Advisor of Real Estate and Finance business.

He graduated from Shandong University (China) with a Bachelor's Degree, and obtained an EMBA degree from Fudan University (China). Mr Zheng has more than 20 years of experience in investment management, and once held the following positions: Chairman of ShanDong Zhong Run Real Estate Ltd. (山东中润房地产有限公司), Chairman of Zhong Run Resource Investment Ltd. (中润资源投资股份有限公司), and Director of Britishcompany, Vatukoula Gold Mine Ltd.

MR HAU YEE BOON

Executive Chef

Mr Hau has a deep and extended relationship with the Group, having joined Thai Village Restaurant as one of the critical pioneer chefs in 1991, where he reported to the then Executive Chef, Mr Lee Tong Kuon. In 1999, Mr Hau and the then General Manager of the Group Mr Oh, ventured to China to establish the inaugural China branch. Together, Mr Oh and Mr Hau managed all China restaurant operations, including the setting up of the franchise. In 2012, Mr Lee decided to retire, and Mr Hau took over the baton from Mr Lee to take on the role of Executive Chef. Mr Hau is responsible for the management of the Group's restaurant operations.

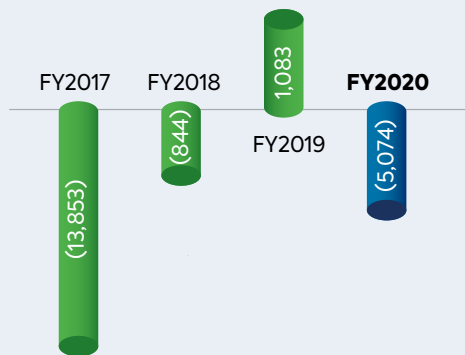
MR LOH BENG KIAT, CALVIN

Financial Controller

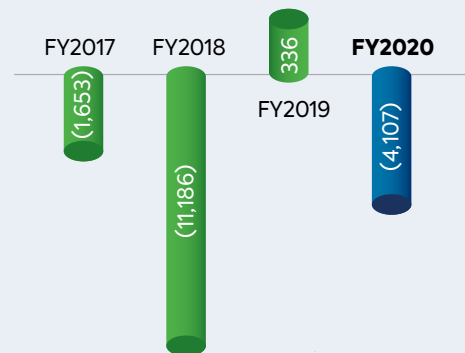
Mr Loh was newly appointed on 15 April 2018. As the Financial Controller, he is responsible for the financial and management reporting functions of the Group. Mr Loh has over a decade of experience having held various finance management roles since 1997, as well as accountant roles before that. Prior to joining the Group, he was the Chief Financial officer of the HLH Group Ltd, a listed company that focuses on real estate and agricultural development, where he successfully managed all financial and capital aspects. He is a Singapore Chartered Accountant.

FINANCIAL HIGHLIGHTS

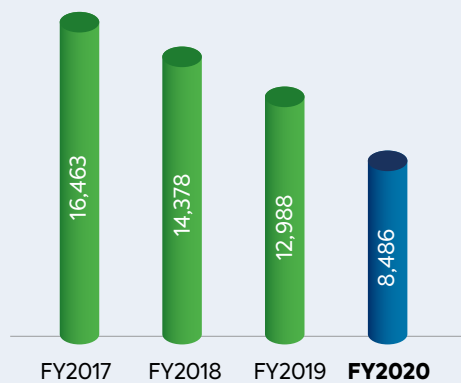
PROFIT/(LOSS) BEFORE TAXATION (S\$'000)



PROFIT/(LOSS) AFTER TAXATION Attributable to Equity holders of the Company (S\$'000)



TURNOVER (S\$'000)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. John Chen Seow Phun
Executive Chairman

Mr Lee Tong Soon
Managing Director

Mr Foo Der Rong
Independent Director

Mr Ko Chuan Aun
Independent Director

Ms Jo-Anne Chang
Non-Executive and
Non-Independent Director

COMPANY SECRETARY

Ms Chan Lai Yin

REGISTERED OFFICE

Block 1002 Tai Seng Avenue
#01-2536 Singapore 534409
Tel: +65 6487 6182
Fax: +65 6487 6183

SHARE REGISTRAR

Tricor Barbinder Share Registration Services

(A division of Tricor Singapore Pte. Ltd.)
80 Robinson Road, #11-02,
Singapore 068898

AUDITORS

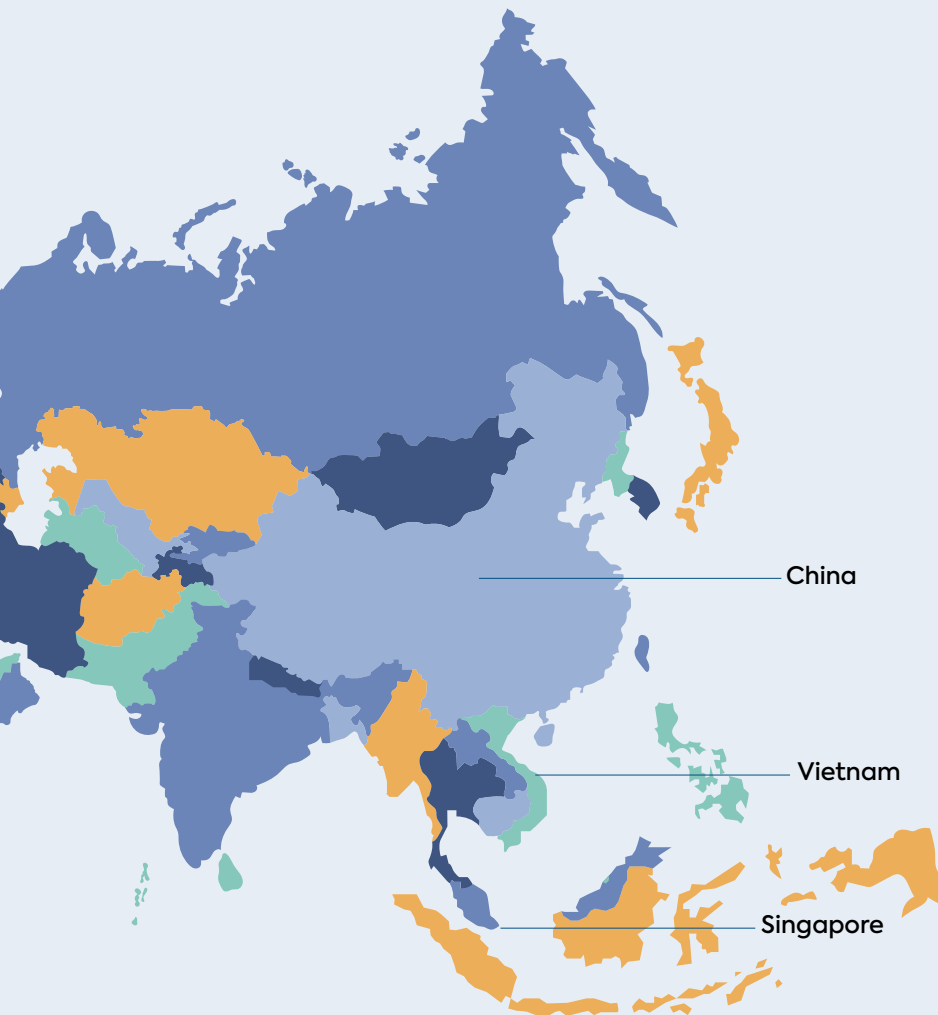
Nexia TS Public Accounting Corporation

Director in-charge: Lee Look Ling
(Appointed since financial year
ended 31 December 2017)

PRINCIPAL BANKER

United Overseas Bank Limited

THAI VILLAGE RESTAURANT PRESENCE



SELF-MANAGED RESTAURANTS SINGAPORE (新加坡分店)

Goodwood Park

良木园

22 Scotts Road,
Goodwood Park Hotel
Singapore 228221

Tel: (65) 6440 8251

Fax: (65) 6440 0748

Singapore Indoor Stadium

新加坡室内体育馆

2 Stadium Walk, #01-02/03
Singapore Indoor Stadium
Singapore 397691

Tel: (65) 6440 2292

Fax: (65) 6440 7285

FRANCHISE RESTAURANTS

CHINA

(中国加盟店)

Shanghai

上海

国定东路237号(金储广场北侧)

电话: (86) 21-55221717

浦东潍坊路328号(嘉瑞酒店内)

电话: (86) 21-68548282

VIETNAM

(越南加盟店)

Ho Chi Minh City

胡志明市

38, Ly Tu Trong Street,
Ben Nghe Ward, District 1

Tel: (84) 8 8256704/5

Hanoi

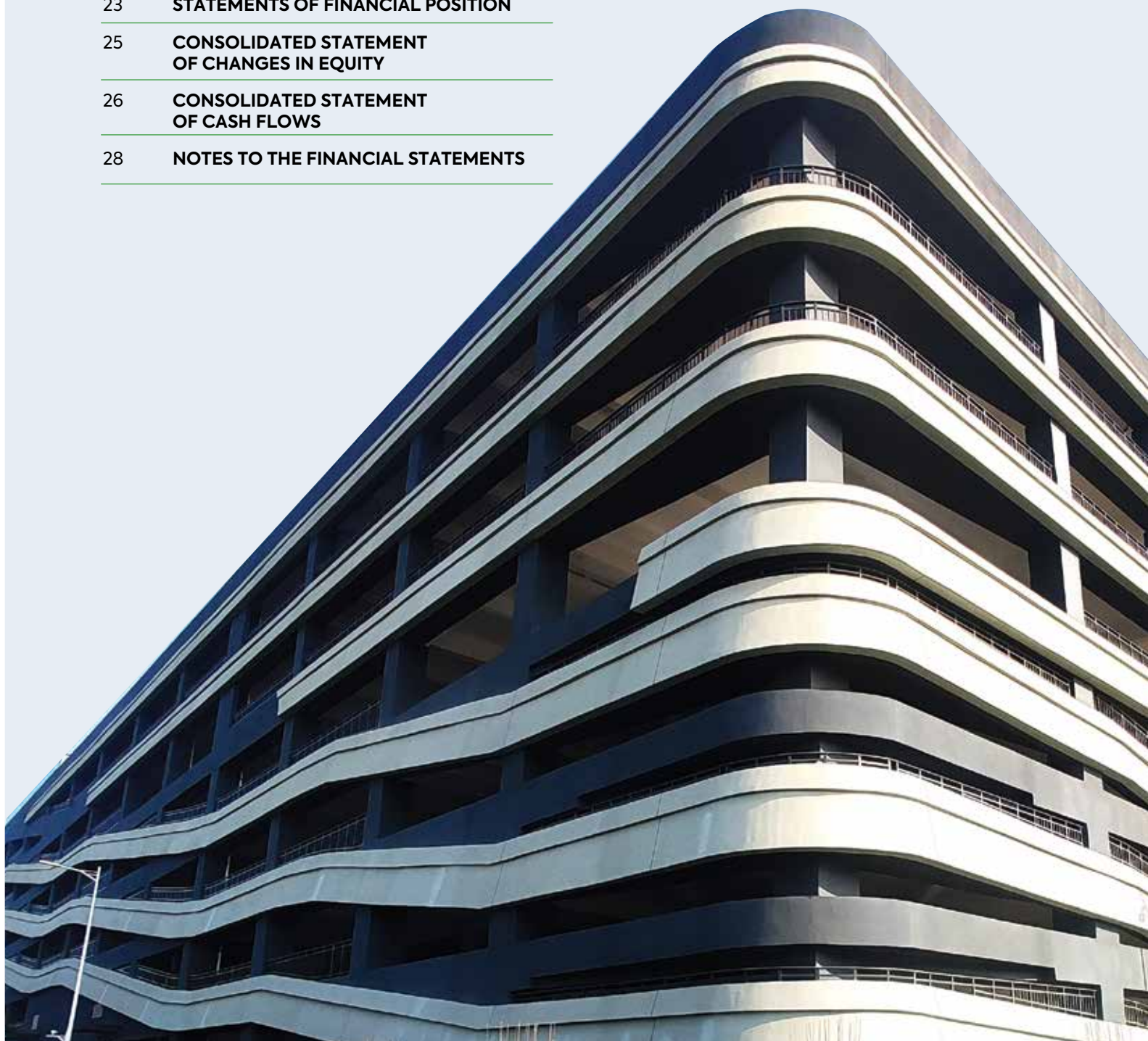
河内

3B Le Thai To Street,
Hang Trong Ward,
Hoan Kiem District

Tel: (84) 4 3938 1168

FINANCIAL STATEMENTS

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DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2020 and the statement of financial position of the Company as at 31 December 2020.

In the opinion of the directors,

- (i) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 22 to 98 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2020 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (ii) at the date of this statement, based on the going concern assumptions set out in Note 2.1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Dr. John Chen Seow Phun
Lee Tong Soon
Foo Der Rong
Jo-Anne Chang
Ko Chuan Aun

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which director is deemed to have an interest	
	At 31.12.2020	At 1.1.2020	At 31.12.2020	At 1.1.2020
Company				
<u>Number of ordinary shares</u>				
Dr John Chen Seow Phun	-	-	23,163,525 ⁽¹⁾	23,163,525 ⁽¹⁾
Lee Tong Soon	24,135,526	24,135,526	12,500 ⁽²⁾	12,500 ⁽²⁾
Jo-Anne Chang	-	-	40,000,000 ⁽³⁾	40,000,000 ⁽³⁾

Note:

- (1) 62,500 (2019: 62,500) shares are held in the name of Lim Kok Huang, who is the spouse of Dr. John Chen Seow Phun. He is the beneficial owner of 848,300 (2019: 848,300) shares held by DBS Nominees Private Ltd. Additionally, 22,252,725 (2019: 22,252,725) shares are held in the name of Unigold Asia Limited, which is wholly owned by Dr. John Chen Seow Phun.
- (2) 12,500 (2019: 12,500) shares are held in the name of Lee Chun Hui Crystal, who is the daughter of Lee Tong Soon.
- (3) 40,000,000 (2019: 40,000,000) shares are held in the name of Rossbay Private Limited, of which Jo-Anne Chang is a director and shareholder.

The directors' interests in the ordinary shares of the Company as at 21 January 2021 were the same as those as at 31 December 2020.

SHARE OPTIONS

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company or its subsidiary corporations.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiary corporations under option.

**DIRECTORS'
STATEMENT****AUDIT COMMITTEE**

The members of the Audit Committee at the end of the financial year were as follows:

Ko Chuan Aun (Chairman)
Foo Der Rong
Jo-Anne Chang

All members of the Audit Committee were independent and non-executive directors.

The Audit Committee has written terms of reference that are approved by the Board of Directors (the “Board”) and clearly set out its responsibilities. The Audit Committee carries out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Chapter 50 and the Code of Corporate Governance (the “Code”). The key terms of reference of the Audit Committee are as follows:

- a. To review the audit plans of the internal auditor and independent auditor of the Group and the Company, and reviewed the internal auditor’s evaluation of the adequacy of the Company’s system of internal accounting controls and the assistance given by the Group and the Company’s management to the internal auditor and independent auditor;
- b. To review the half yearly and annual consolidated financial statements and the independent auditor’s report on the consolidated financial statements of the Group and the financial position of the Company before their submission to the Board;
- c. To review effectiveness of the Group’s and the Company’s key internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;
- d. To review the cooperation given by the management to the independent auditor;
- e. To review legal and regulatory matters that may have a material impact on the consolidated financial statements, related compliance policies and programmes and any reports received from regulators;
- f. To review the cost effectiveness and the independence and objectivity of the independent auditor;
- g. To review the nature and extent of non-audit services provided by the independent auditor;
- h. To recommend to the Board the appointment, re-appointment or removal of the independent auditor and approve the remuneration and terms of engagement of the independent auditor;
- i. To review interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited’s (the “Singapore Exchange” or the “SGX-ST”) Listing Manual; and
- j. To conduct a review of interested person transaction to ensure that each transaction has been conducted on an arm’s length basis.

The Audit Committee has, in accordance with Chapter 9 of the SGX-ST’s Listing Manual, reviewed the requirements for approval and disclosure of interested party transactions.

The Audit Committee, having reviewed all non-audit services provided by the independent auditor to the Group, is satisfied that the nature and extent of such services would not affect the independence of the independent auditor.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2020

AUDIT COMMITTEE (CONTINUED)

The Audit Committee convened two (2) meetings during the financial year with full attendance from all members. The Audit Committee met with independent auditor and internal auditor once in February 2020 and August 2020 respectively without the presence of the management. These meeting enable the independent auditor and internal auditor to raise issues encounter in the course of their work directly to the Audit Committee.

The Audit Committee has recommended to the Board that the independent auditor, Nexia TS Public Accounting Corporation, be nominated for re-appointment at the forthcoming Annual General Meeting.

INDEPENDENT AUDITOR

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

.....
Lee Tong Soon
Director

.....
Dr John Chen Seow Phun
Director

5 April 2021

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the financial statements

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Pavillon Holdings Ltd. (the “Company”) and its subsidiary corporations (the “Group”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including summary of significant accounting policies, as set out on pages 22 to 98.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the “Act”) and Singapore Financial Reporting Standards (International) (“SFRS(I)”s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (“SSAs”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“ACRA”) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“ACRA Code”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the financial statements

Key Audit Matters (continued)

Key audit matter	How our audit addressed the matter
<p>Valuation of trade and other receivables (Refer to Notes 2.9, 3.1(a), 12 and 34(b) to the financial statements)</p> <p>As at 31 December 2020, the Group's gross finance lease receivables is RMB42,588,000 (equivalent to S\$8,645,000) from the leasing segment of the Group.</p> <p>During the financial year ended 31 December 2019, a major debtor with an outstanding amount of RMB42,300,000 (equivalent to S\$8,224,000) was undergoing debts restructuring, and the assets of this major debtor were seized by the People's Republic of China's ("PRC") People's Court in Tianjin (the "Court"). Management had assessed that the realisable value of the assets seized by the Court was approximately of RMB11,942,000 (equivalent to S\$2,306,000) which is lower than the outstanding amount. A loss allowance of RMB30,647,000 (equivalent to S\$5,918,000) for the major debtor was recognised as at 31 December 2019.</p> <p>The debts restructuring process has no progress during the financial year ended 31 December 2020 which is largely due to the COVID-19 pandemic couples with no repayment from the major debtor. Therefore, management is of the view that it is difficult to estimate the completion date of the debts restructuring process and the possibility of liquidating the major debtor's assets is low. Accordingly, management has impaired the remaining amount of RMB11,653,000 (equivalent to S\$2,365,000).</p> <p>We focused on this area due to significant management's judgements and assumptions involved in determining the credit risk of the receivables and the recognition of loss allowance had resulted in a significant loss and financial impact on the Group's financial results.</p>	<p>We have discussed with management on the recoverability of the receivable and evaluated management's judgement in determining the adequacy of the loss allowance recognised during the financial year ended 31 December 2020, by verifying any repayment from the debtor, the status of debts restructuring and obtaining a representation letter from the Group's legal counsel to understand the status of the assets seized by the Court.</p> <p>We have reviewed the adequacy and appropriateness of the disclosures in the financial statements.</p>

INDEPENDENT
AUDITOR'S REPORT*Key Audit Matters (continued)*

Key audit matter	How our audit addressed the matter
<p>Valuation of investment in associated company – Fengchi IOT Co., Ltd. (“IOT”) (Refer to Note 2.4 and 18 to the financial statements)</p> <p>As at 31 December 2020, the carrying amount of the investment in IOT was S\$22,218,000 which represented 55% of total assets of the Group. The principal activity of the IOT is those relating to warehouse and logistics management.</p> <p>During the financial year ended 31 December 2020, IOT has completed the construction of its logistic hub in Tianjin, PRC. IOT is in the process of reviewing the business proposal from the operators. The operators are responsible to source for potential tenants and manage the daily operations of the logistic hub.</p> <p>In accordance to SFRS(I)1-36 <i>Impairment of assets</i>, investment in associated company is tested for impairment whenever there is any objective evidence or indication that the asset may be impaired.</p> <p>In view of new measure implemented by the government in PRC – the PRC IV Emission Standard and the COVID-19 pandemic which might have an adverse impact on IOT to source for tenants, this in turn indicate the investment in IOT may be impaired. Hence, the management has performed an impairment assessment to determine the recoverable amount on its investment in IOT.</p> <p>Management determined the recoverable amount based on the value-in-use (“VIU”) method. The cash flow projection used in VIU was based on the proposal from the operators. Based on the assessment, the recoverable amount is higher than the carrying amount. Accordingly, no impairment was recognised for the financial year ended 31 December 2020.</p> <p>We focused on this area due to significant management’s assumptions involved in the determination of the recoverable amount of investment in IOT and the carrying amount of the investment in IOT is significant to the Group.</p>	<p>We have analysed and discussed cash flows projections and future business plan with management, which include evaluating the reasonableness of management’s key estimates used in the value-in-used (“VIU”) calculation.</p> <p>We have evaluated management’s sensitivity analysis to assess the impact on the recoverable amounts.</p> <p>With the assistance of our internal valuation specialist, we assessed the reasonableness of the discount rate applied, by comparing against internal and external economic and market data.</p> <p>We have reviewed the adequacy and appropriateness of the disclosures in the financial statements.</p>

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the financial statements

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors of the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

**INDEPENDENT
AUDITOR'S REPORT*****Auditor's Responsibilities for the Audit of the Financial Statements (continued)***

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The engagement director on the audit resulting in this independent auditor's report is Lee Look Ling.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore
5 April 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2020

	Note	2020 S\$'000	2019 S\$'000
Revenue	4	8,486	12,988
Other items of income			
Interest income – bank deposits		62	284
Reversal of impairment loss on financial assets at amortised cost	34(b)	-	3,862
Other income	5	2,136	6,511
Items of expenses			
Raw materials and changes in inventories	13	(3,002)	(4,675)
Employee compensation	6	(5,693)	(6,672)
Depreciation expense	20	(1,813)	(1,878)
Amortisation expense	23,24	-	(124)
Finance expenses	7	(135)	(68)
Currency exchange gains/(losses) – net		100	(62)
Impairment loss on property, plant and equipment	20	-	(220)
Impairment loss on financial assets at amortised cost	34(b)	(2,372)	(5,259)
Other operating expenses	8	(2,292)	(3,340)
Total expenses		(15,207)	(22,298)
Share of loss of associated companies	18	(551)	(264)
(Loss)/profit before income tax		(5,074)	1,083
Income tax credit	9(a)	59	181
Net (loss)/profit		<u>(5,015)</u>	<u>1,264</u>
Other comprehensive income/(loss):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
- Currency translation gains/(losses) arising from consolidation		1,103	(274)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
- Currency translation gains/(losses) arising from consolidation		308	(340)
- Fair value gains – financial assets, at FVOCI	17	358	-
		<u>1,769</u>	<u>(614)</u>
Total comprehensive (loss)/income		<u>(3,246)</u>	<u>650</u>
(Loss)/profit attributable to:			
Equity holders of the Company		(4,107)	336
Non-controlling interests		(908)	928
		<u>(5,015)</u>	<u>1,264</u>
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		(2,732)	62
Non-controlling interests		(514)	588
		<u>(3,246)</u>	<u>650</u>
(Loss)/earnings per share for loss attributable to equity holders of the Company (cents per share)			
- Basic	10	(1.06)	0.09
- Diluted	10	<u>(1.06)</u>	<u>0.09</u>

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

STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2020

	Note	2020 S\$'000	Group 2019 S\$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	8,372	8,300
Trade and other receivables	12	499	5,075
Inventories	13	450	1,000
		<u>9,321</u>	<u>14,375</u>
Non-current assets			
Trade and other receivables	14	405	346
Financial asset, at FVOCI	17	4,220	3,862
Investments in associated companies	18	22,218	21,667
Property, plant and equipment	20	4,032	3,032
		<u>30,875</u>	<u>28,907</u>
Total assets		<u>40,196</u>	<u>43,282</u>
LIABILITIES			
Current liabilities			
Trade and other payables	25	1,947	4,088
Current income tax liabilities	9(b)	31	106
Borrowings	26	1,991	1,116
Provisions	27	-	20
		<u>3,969</u>	<u>5,330</u>
Non-current liabilities			
Trade and other payables	25	100	100
Borrowings	26	2,585	1,080
Provisions	27	198	198
Deferred tax liabilities	28	83	67
		<u>2,966</u>	<u>1,445</u>
Total liabilities		<u>6,935</u>	<u>6,775</u>
NET ASSETS		<u>33,261</u>	<u>36,507</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	29	39,433	39,433
Other reserves	30	3,297	1,922
Accumulated losses		(15,068)	(10,961)
		<u>27,662</u>	<u>30,394</u>
Non-controlling interests	19	<u>5,599</u>	<u>6,113</u>
TOTAL EQUITY		<u>33,261</u>	<u>36,507</u>

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

STATEMENTS OF FINANCIAL POSITION

For the financial year ended 31 December 2020

		Company	
	Note	2020 S\$'000	2019 S\$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	17	317
Trade and other receivables	12	481	1,987
		<u>498</u>	<u>2,304</u>
Non-current assets			
Trade and other receivables	14	-	3
Investments in subsidiary corporations	19	27,558	27,558
Property, plant and equipment	20	2	-
		<u>27,560</u>	<u>27,561</u>
Total assets		<u>28,058</u>	<u>29,865</u>
LIABILITIES			
Current liabilities			
Trade and other payables	25	1,503	2,067
Borrowings	26	720	-
		<u>2,223</u>	<u>2,067</u>
Non-current liabilities			
Trade and other payables	25	100	100
Borrowings	26	1,061	-
		<u>1,161</u>	<u>100</u>
Total liabilities		<u>3,384</u>	<u>2,167</u>
NET ASSETS		<u>24,674</u>	<u>27,698</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	29	39,433	39,433
Accumulated losses	31	(14,759)	(11,735)
TOTAL EQUITY		<u>24,674</u>	<u>27,698</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2020

	Attributable to the equity holders of the Company					
	Share capital S\$'000	Foreign currency translation reserve S\$'000	Capital reserve S\$'000	Fair value reserve S\$'000	Accumulated losses S\$'000	Total S\$'000
						Non- controlling interests S\$'000
						Total equity S\$'000
2020						
Balance as at 1 January 2020	39,433	(1,556)	3,478	-	(10,961)	30,394
Net loss for the financial year	-	-	-	-	(4,107)	(4,107)
Other comprehensive income for the financial year	-	1,103	-	272	-	1,375
Balance as at 31 December 2020	39,433	(453)	3,478	272	(15,068)	27,662
						5,599
						33,261
2019						
Balance as at 1 January 2019	39,433	(1,897)	6,083	-	(11,297)	32,322
Net profit for the financial year	-	-	-	-	336	336
Other comprehensive loss for the financial year	-	(274)	-	-	-	(274)
Dilution of equity interest from subsidiary corporations to associated companies (Note 18(i))	-	615	(2,605)	-	-	(1,990)
Balance as at 31 December 2019	39,433	(1,556)	3,478	-	(10,961)	30,394
						6,113
						36,507

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2020

	Note	2020 S\$'000	2019 S\$'000
Cash flows from operating activities			
Net (loss)/profit		(5,015)	1,264
Adjustments for:			
- Amortisation of intangible assets	23	-	2
- Amortisation of land-use rights	24	-	122
- Depreciation of property, plant and equipment	20	1,813	1,878
- Gain on disposal of property, plant and equipment	5	(241)	-
- Gain on dilution of equity interest from subsidiary corporations to associated companies	5	-	(6,261)
- Gain on lease modification relating to termination of the lease	5	(11)	-
- Rental concession	5	(646)	-
- Impairment loss on property, plant and equipment	20	-	220
- Income tax credit	9(a)	(59)	(181)
- Interest expense	7	135	68
- Interest income		(62)	(284)
- Share of loss of associated companies	18	551	264
- Write-off of property, plant and equipment		9	-
- Unrealised currency translation gains		(123)	(6)
		(3,649)	(2,914)
Change in working capital:			
- Inventories		550	(8)
- Trade and other receivables		4,517	1,988
- Trade and other payables		(2,141)	17,153
- Provisions		(20)	20
Cash (used in)/generated from operations		(743)	16,239
Income tax paid	9(b)	-	(157)
Net cash (used in)/provided by operating activities		(743)	16,082
Cash flows from investing activities			
Additions to property, plant and equipment		(692)	(3,467)
Net cash outflows from dilution of equity interest from subsidiary corporations to associated companies	18(i)	-	(23,993)
Proceeds from disposal of property, plant and equipment		241	-
Interest received		62	284
Net cash used in investing activities		(389)	(27,176)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2020 S\$'000	2019 S\$'000
Cash flows from financing activities			
Principal payment of lease liabilities		(868)	(1,451)
Proceeds from borrowings		1,500	-
Principal payment of borrowings		(139)	(40)
Interest paid		(135)	-
Net cash provided by/(used in) financing activities		<u>358</u>	<u>(1,491)</u>
Net decrease in cash and cash equivalents		(774)	(12,585)
Cash and cash equivalents			
Beginning of financial year		8,300	20,980
Effects of currency translation on cash and cash equivalents		426	(95)
End of financial year	11	<u>7,952</u>	<u>8,300</u>

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	1 January 2020 S\$'000	Proceeds from borrowings S\$'000	Principal and interest payments S\$'000	Non-cash changes					31 December 2020 S\$'000
				New finance lease S\$'000	Rental concession S\$'000	Lease modification S\$'000	Interest expense S\$'000	Foreign exchange movement S\$'000	
Bank borrowings	-	1,500	(163)	-	-	-	24	-	1,361
Lease liabilities	2,196	-	(961)	2,368	(646)	(277)	93	22	2,795

	1 January 2019 S\$'000	Principal and interest payments S\$'000	Non-cash changes				31 December 2019 S\$'000
			Adoption of SFRS(I) 16 S\$'000	New finance lease S\$'000	Interest expense S\$'000	Foreign exchange movement S\$'000	
Bank borrowings	40	(40)	-	-	-	-	-
Lease liabilities	-	(1,451)	2,710	884	68	(15)	2,196
Finance lease liabilities	203	-	(203)	-	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

These notes form an integral part and should be read in conjunction with the accompanying financial statements.

1. CORPORATE INFORMATION

Pavillon Holdings Ltd. (the “Company”) is a limited liability company incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange. The registered office and principal place of business of the Company is located at Block 1002 Tai Seng Avenue #01-2536, Singapore 534409.

The principal activities of the Company are those of investment holding, franchising and provision of management services to its subsidiary corporations. There have been no significant changes in the nature of these activities during the financial year.

The principal activities of the subsidiary corporations are as shown in Note 19 to the financial statements.

Related companies in these financial statements refer to the companies within Pavillon Holdings Ltd.’s group of companies.

Coronavirus (COVID-19) Impact

On 30 January 2020, the World Health Organisation announced the COVID-19 outbreak as a global health emergency.

On 3 April 2020, the Multi-Ministry Taskforce of the Singapore Government announced a set of elevated safe distancing measures to pre-empt the trend of increasing local transmission of COVID-19 (“Circuit Breaker Measures”). All restaurants opened for takeaway or delivery only.

Subsequently, further announcement made on 21 April 2020 by the government outlined the enhanced measures to deal with COVID-19 (the “Enhanced Measures”). As part of the Enhanced Measures, all non-essential workplaces are to remain close from 7 April 2020 to 1 June 2020 (“Effective Period”). During the Effective Period, the Group’s restaurants remained open for takeaways and deliveries based on the guidelines from the Ministry of Trade & Industry of Singapore.

The ongoing and evolving COVID-19 pandemic has a significant impact on the global economy and the economies which the Group operates in. There is significant uncertainty as to the duration of the pandemic and its impact on those economies which the Group operates in, hence affects the Group’s financial performance in the following financial years.

Set out below are the impacts of COVID-19 on the Group’s financial performance reflected in this set of financial statements for the financial year ended 31 December 2020:

- An assessment was made that the going concern basis of preparation for this set of financial statements remain appropriate (Note 2.1).
- In 2020, the Group’s operations were restricted for certain months due to dine in were not allowed in accordance to the governments’ control measures. As a result, the Group’s revenue in particularly food and beverage operations had decreased significantly. Nevertheless, the Group has received rental rebates from the landlords and government grants to assist the Group (Note 5).
- The Group has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 31 December 2020. The significant estimates and judgement applied on impairment of trade receivables (Note 3).

NOTES TO THE
FINANCIAL STATEMENTS**1. CORPORATE INFORMATION (CONTINUED)****Coronavirus (COVID-19) Impact** (continued)

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021. If the situation persists beyond management's current expectations, the Group's assets may be subject to further write downs in the subsequent financial periods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Basis of preparation**

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s) under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of the financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

Going concern assumptions

During the financial year ended 31 December 2020, the Group incurred a net loss of S\$5,015,000 (2019: net profit of S\$1,264,000) and net cash used in operating activities of S\$743,000 (2019: net cash provided by operating activities of S\$16,082,000). The Board of Directors has assessed that the going concern basis of preparation for this set of financial statements remains appropriate due to the Group has sufficient cash to fund the operations of the Group as the Group is in net current assets and net assets position of S\$5,352,000, and S\$33,261,000, respectively as at 31 December 2020.

The financial statements are presented in Singapore Dollars (S\$) and all values are rounded to the nearest thousand (S\$'000), except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2020

On 1 January 2020, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

Early adoption of amendment to SFRS(I) 16 Leases

The Group has elected to early adopt the amendments to SFRS(I) 16 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to apply this practical expedient to all property leases. As a result of applying the practical expedient, rent concessions totaling \$646,000 was recognised as government grants and other income (Note 5) in the profit or loss during the financial year.

2.2 Revenue recognition

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

Revenue is recognised when the Group satisfied a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Revenue from restaurant operations*

The Group operates a chain of restaurants in the food and beverage business. Revenue arising from the sale of food and beverages is recognised in profit or loss at a point in time of sale, when the food and beverages are served to the customers. Payment of the transaction price is due immediately when the customer purchases the food.

The Group does not operate any customer loyalty programme.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

(b) *Leasing income*

The Group operates a finance leasing business which is in the business relates to equipment and car leasing in the People's Republic of China ("PRC"). Leasing income is recognised over time based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease. Associated costs are charged to the cost of sales as incurred.

(c) *Royalty fees*

Royalty fees from franchisees is recognised, over time whereby the Group considered the performance obligation is satisfied when franchisees subsequent sales occur. The transaction price is determined based on a percentage of the franchisees' revenue or a pre-determined amount in accordance with the terms as stated in the franchise agreements.

(d) *Rental income*

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(e) *Interest income*

Interest income is recognised using the effective interest method.

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) *Subsidiary corporations*

(i) *Consolidation*

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) *Subsidiary corporations (continued)*

(i) *Consolidation (continued)*

In preparing the consolidated financial statements, transactions and balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, statement of changes in equity, and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

(ii) *Acquisitions*

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporation measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of the (a) consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair values of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a gain from bargain purchase.

NOTES TO THE
FINANCIAL STATEMENTS**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.4 Group accounting (continued)***(a) Subsidiary corporations (continued)**(iii) Disposals*

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated companies" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporations are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interest and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Associated companies

Associated companies are entities over which the Group has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill if any on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(c) Associated companies (continued)

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its associated companies' post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associated companies are recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, the Group does not recognise further losses, unless it has incurred legal or constructive obligations to make, or has made, payments on behalf of the associated company. If the associated company subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised. Interest in an associated company includes any long-term loans for which settlement is never planned nor likely to occur in the foreseeable future.

Unrealised gains on transactions between the Group and its associated companies are eliminated to the extent of the Group's interest in the associated companies. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of associated companies are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

(iii) Disposals

Investments in associated companies are derecognised when the Group loses significant influence. If the retained equity interest in the former associated company is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost, and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

Please refer to the paragraph "Investments in subsidiary corporations and associated companies" for the accounting policy on investments in associated companies in the separate financial statements of the Company.

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

All items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (continued)

(a) *Measurement (continued)*

(ii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also recognised as part of the property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for purpose other than to produce inventories.

(b) *Depreciation*

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold properties	over respective lease terms of 2 to 30 years*
Furniture and fittings	5 – 8 years
Plant and machinery	5 – 10 years
Motor vehicles	5 years
Computers	1 – 5 years
Operating supplies	5 years

* Certain leasehold properties was classified as operating lease under SFRS(I) 1-17. Upon transition to SFRS(I) 16, these leasehold properties are included as part of the carrying amounts of Property, plant and equipment in Note 20 to the financial statements and subject to the disclosure requirement under SFRS(I) 16 in Note 21(a) to the financial statements.

The leasehold properties are depreciated over the shorter of its lease term and useful life. The useful life is the period over which an asset is expected to be available for use by an entity. When assessing the useful life of an asset, all commercial, technical and legal factors, as well as the asset's expected utility to the entity should be considered.

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

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment still in use are retained in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (continued)

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

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

2.6 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method.

2.7 Investments in subsidiary corporations and associated companies

Investments in subsidiary corporations and associated companies are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.8 Impairment of non-financial assets

Property, plant and equipment

Right-of-use assets

Investments in subsidiary corporations and associated companies

Property, plant and equipment, right-of-use assets and investments in subsidiary corporations and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets (continued)

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.9 Financial assets

(a) *Classification and measurement*

The Group classifies its financial assets in the measurement category of amortised cost and fair value through other comprehensive income ("FVOCI").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

(i) *Debit instruments*

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost and fair value through other comprehensive income ("FVOCI").

(ii) *Equity instruments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "Fair value gains/(losses)" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "Dividend income".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 34(b) to the financial statements details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables and finance lease receivables, the Group applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of an equity investment, the difference between the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.10 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Financial guarantees

The Group has issued corporate guarantees to banks for bank borrowings of its associated companies. These guarantees are financial guarantees as they require the Group to reimburse the banks if the associated companies fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Intra-group transactions are eliminated on consolidation.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the amount of expected loss allowance computed using the impairment methodology under Note 2.9. Unless it is probable that the Group will reimburse the banks for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to banks in the Group's statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting period, in which case they are presented as non-current liabilities.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

2.13 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Leases

(a) *When the Group is the lessee*

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets are 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.

Right-of-use assets are presented within "Property, plant and equipment".

(ii) Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leases (continued)

(a) When the Group is the lessee (continued)

(ii) Lease liabilities (continued)

Lease payments consist of the fixed payment (including in-substance fixed payments), less any lease incentives receivables.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There is a modification in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been

(iii) Short term and low value leases

The Group has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(b) When the Group is the lessor:

The accounting policy applicable to the Group as a lessor in the comparative period were the same under SFRS(I) 16.

In classifying a sublease, the Group as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within "Trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. Lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

When the sublease is assessed as an operating lease, the Group recognises lease income from sublease in profit or loss within "Revenue". The right-of-use asset relating to the head lease is not derecognised.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method.

Where necessary, write-down is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations and associated companies except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

- at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date; and
- based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

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

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the tax credit can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Provisions

(a) General

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

(b) Asset dismantlement, removal or restoration

Provision for asset dismantlement, removal or restoration are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated.

The Group recognises the estimated costs of dismantlement, removal or restoration of items of property, plant equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into the consideration time value.

Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement, removal and restoration costs, are adjusted against the cost of the related property, plant and equipment, unless decrease in the liability exceeds the carrying amount of the asset or asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or changes in the liability is recognised in profit or loss immediately.

2.18 Employee compensation

(a) Defined contribution plans

The Group participates in the national schemes as defined by the laws of the countries in which it has operations.

Singapore

The Company and its Singapore subsidiary corporations' defined contribution plans are post-employment benefit plans under which the Company and its Singapore subsidiary corporations' pay fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company and its Singapore subsidiary corporations' have no further payment obligations once the contributions have been paid. The Company and its Singapore subsidiary corporations' contributions are recognised as expense in the period in which the related services are performed.

NOTES TO THE FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee compensation (continued)

(a) *Defined contribution plans (continued)*

People's Republic of China ("PRC")

The subsidiary corporations, that are incorporated and operating in the PRC, are required to provide certain retirement plan contribution to their employees under the PRC regulations. Contributions are provided at rates stipulated by the PRC regulations and are managed by government agencies, which are responsible for administering these amounts for the subsidiary corporations' employees.

Contributions to defined contribution retirement plans are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.19 Currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar ("S\$"), which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Monetary items include primarily financial assets and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

All other foreign exchange gains or losses impacting profit or loss are presented on the face of the consolidated statement of comprehensive income.

Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Currency translation (continued)

(c) Translation of Group entities' financial statements

The results and financial positions of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.21 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the balance sheet. For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

2.22 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions 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 circumstances.

NOTES TO THE
FINANCIAL STATEMENTS**3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)****3.1 Critical accounting estimates and assumptions***(a) Impairment of finance lease receivables and other receivables**Finance lease receivables*

As at 31 December 2020, the Group's gross finance lease receivables amount was S\$8,645,000 (2019: S\$8,459,000) (Note 12), arising mainly from the Group's leasing segment. And loss allowance of S\$8,645,000 (2019: S\$5,974,000) was recognised as at 31 December 2020.

The Group applied the simplified approach by using a provision matrix to calculate expected credit loss ("ECL") for finance lease receivables. In measuring the ECL, finance lease receivables are grouped based on shared credit risk characteristic and days past due.

In calculating the ECL rates, the Group considers purely historical loss rates for each category of customers which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date. The historical observed default rates are updated at every reporting date.

Other receivables

As at 31 December 2020, the Group's gross other receivables amounted to S\$7,335,000 (2019: S\$8,728,000) (Note 12), arising mainly from the Group's leasing segment. And loss allowance of S\$7,034,000 (2019: S\$6,691,000) was recognised as at 31 December 2020.

The Group measures ECL for other receivables using general approach. Under the general approach, the loss allowance is measure at an amount equal to 12-month ECL at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The assessment of the correlation between historical observed default rates and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances. The Group's historical credit loss experience may also not be representative of customer's actual default in the future.

The information about the ECL on the Group's finance lease receivables and other receivables are disclosed in Note 34(b) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

3.1 Critical accounting estimates and assumptions (continued)

(b) Estimated impairment of investment in associated companies

Investment in associated companies is tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The recoverable amounts of these assets and, where applicable CGU, have been determined based on higher of the fair value less costs to sell or value-in-use calculations. If the carrying amounts exceed the recoverable amounts, an impairment loss is recognised to profit or loss for the differences.

For the financial year ended 31 December 2020, carrying amount of the Group's investments in associated companies was S\$22,218,000 (2019: S\$21,667,000) (Note 18). Management determined the recoverable amount based on the value-in-use ("VIU") method. The cash flow projection used in VIU was based on the proposal from the operators. Based on the cash flow projection, the recoverable amount is higher than the carrying amount. The change in the estimated recoverable amount from any reasonably possible change on the key estimates does not materially cause the recoverable amount to be lower than its carrying amount.

4 REVENUE

Disaggregation of revenue

The Group derives revenue from the transfer of goods and services at a point in time and over time in the following major revenue stream and geographical regions. Revenue is attributed to countries by location of customers.

	Group				
	<u>Singapore</u> S\$'000	<u>Vietnam</u> S\$'000	<u>PRC</u> S\$'000	<u>Total</u> S\$'000	
2020					
<u>Over time</u>					
Royalty fees	-	51	81	132	
<u>Point in time</u>					
Restaurant operations	8,069	-	-	8,069	
Rental income	-	-	285	285	
	8,069	51	366	8,486	
	<u>Singapore</u> S\$'000	<u>Vietnam</u> S\$'000	<u>Indonesia</u> S\$'000	<u>PRC</u> S\$'000	<u>Total</u> S\$'000
2019					
<u>Over time</u>					
Royalty fees	-	54	17	104	175
<u>Point in time</u>					
Restaurant operations	12,446	-	-	-	12,446
Leasing income	-	-	-	123	123
Rental income	-	-	-	244	244
	12,446	54	17	471	12,988

NOTES TO THE
FINANCIAL STATEMENTS

5 OTHER INCOME

	Group	
	2020 S\$'000	2019 S\$'000
Government grants		
- Special Employment Credit ⁽¹⁾	51	34
- Wage Credit Scheme ⁽²⁾	10	16
- Jobs Support Scheme ⁽³⁾	1,035	-
- Rental concession ⁽⁴⁾	489	-
	1,585	50
Gain on disposal of property plant and equipment	241	-
Gain on dilution of equity interest from subsidiary corporations to associated companies (Note 18)	-	6,261
Gain on lease modification relating to termination of the lease	11	-
Rental concession ⁽⁵⁾	157	-
Other	142	200
	<u>2,136</u>	<u>6,511</u>

⁽¹⁾ The Special Employment Credit ("SEC") was introduced as a Budget Initiative in 2011 to support employers, and to raise the employability of older low-wage Singaporeans. It was enhanced in 2012 to provide employers with continuing support to hire older Singaporean workers and Persons with Disabilities. At Budget 2016, the SEC was extended for three years (viz. 2017 to 2020) to provide wage offsets to employers hiring Singaporean workers aged 55 and above, and earning up to S\$4,000. The Minister for Finance announced a further one-year extension of SEC to end-2020 at Budget 2019.

⁽²⁾ The Wage Credit Scheme is to help businesses which may face rising wage costs in a tight labour market. Wage Credit Scheme payouts will allow businesses to free up resources to make investments in productivity and to share the productivity gains with their employees.

⁽³⁾ The Job Support Scheme (the "JSS") is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

⁽⁴⁾ The rental concession pertained to the rental rebate given by the Singapore Government to the tenant through the landlord.

⁽⁵⁾ COVID-19 related rent concessions received from lessors to which the Group applied the practical expedient as disclosed in Note 2.1 to the financial statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

6 EMPLOYEE COMPENSATION

	Group	
	2020	2019
	S\$'000	S\$'000
Salaries and bonus	4,720	5,557
Employer's contribution to defined contributions plan	329	296
Other short-term benefits	644	819
	<u>5,693</u>	<u>6,672</u>

7 FINANCE EXPENSES

	Group	
	2020	2019
	S\$'000	S\$'000
Interest expense		
- Bank overdraft	18	-
- Bank borrowings	24	-
- Lease liabilities (Note 21(b))	93	68
	<u>135</u>	<u>68</u>

NOTES TO THE
FINANCIAL STATEMENTS**8 OTHER OPERATING EXPENSES**

	Group	
	2020	2019
	S\$'000	S\$'000
Advertisement	24	88
Auditor's remuneration paid/payable		
- Auditor of the Company	97	97
- Other auditors ^(a)	19	32
Bank charges	167	222
Cleaning	127	263
Consumables	62	78
Entertainment	83	123
General expenses	116	76
Insurance	18	25
Printing and stationery	36	39
Professional fees	205	441
Rental expenses (Note 21(c))	43	247
Repair and maintenance	63	58
Stamp duty	15	33
Services charge	684	735
Telecommunication	28	28
Travelling and transportation	95	142
Upkeep of motor vehicles	54	41
Utilities	280	413
Other	76	159
Total other operating expenses	<u>2,292</u>	<u>3,340</u>

(a) Includes Shanghai Nexia TS Certified Public Accountants

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

9 INCOME TAXES

(a) *Income tax expense*

Tax expense attributable to (loss)/profit is made up of:

(Loss)/profit for the financial year:

- Current income tax (Note 9(b))

- Singapore

- PRC

- Deferred income tax (Note 28)

Over provision of income tax in prior financial years:

- Current income tax – Singapore (Note 9(b))

Group	
2020	2019
S\$'000	S\$'000
31	106
-	19
31	125
16	(13)
47	112
(106)	(293)
(59)	(181)

NOTES TO THE
FINANCIAL STATEMENTS**9 INCOME TAXES (CONTINUED)***(a) Income tax expense (continued)*

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax is as follows:

	Group	
	2020	2019
	S\$'000	S\$'000
(Loss)/profit before income tax	(5,074)	1,083
Share of loss of associated companies	551	264
(Loss)/profit before income tax and share of loss of associated companies	(4,523)	1,347
Tax calculated at tax rate of 17% (2019: 17%)	(769)	229
Effects of:		
- Different tax rates in other countries	(405)	357
- Income not subject to tax	(171)	(1,740)
- Expenses not deductible	541	794
- Tax incentives	(26)	(69)
- Deferred tax assets not recognised	874	515
- Over provision in prior financial years	(106)	(293)
- Other	3	26
Tax charge	(59)	(181)

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of approximately S\$11,740,000 (2019: S\$6,597,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses and capital allowance have no expiry date except for tax losses amounted to approximately S\$5,818,000 (2019: S\$ 2,604,000) which can only be carried forward up to 5 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

9 INCOME TAXES (CONTINUED)

(b) Movement in current income tax liabilities:

	Group	
	2020 S\$'000	2019 S\$'000
Beginning of financial year	106	444
Currency translation differences	-	(13)
Income tax paid	-	(157)
Tax expense (Note 9(a))	31	125
Over provision in prior financial years (Note 9(a))	(106)	(293)
End of financial year	31	106

10 (LOSS)/EARNINGS PER SHARE

Basic and diluted (loss)/earnings per ordinary share are calculated by dividing the net (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2020 S\$'000	2019 S\$'000
(Loss)/profit attributable to equity holders of the Company	(4,107)	336
Weighted average number of ordinary shares for basic earnings per share	387,748,700	387,748,700
Basic (loss)/earnings per share (cents per share)	(1.06)	0.09
Diluted (loss)/earnings per share (cents per share)	(1.06)	0.09

There were no dilutive potential ordinary shares during the financial years ended 31 December 2020 and 2019.

11 CASH AND CASH EQUIVALENTS

	2020 S\$'000	2019 S\$'000
Group		
Cash at bank and on hand	4,718	8,300
Short-term bank deposits	3,654	-
	8,372	8,300
Company		
Cash at bank and on hand	17	317

NOTES TO THE FINANCIAL STATEMENTS

11 CASH AND CASH EQUIVALENTS (CONTINUED)

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	2020 S\$'000	2019 S\$'000
Group		
Cash at bank and on hand (as above)	8,372	8,300
Less : Bank overdrafts (Note 26)	(420)	-
Cash and cash equivalents per consolidated statement of cash flows	<u>7,952</u>	<u>8,300</u>

12 TRADE AND OTHER RECEIVABLES – CURRENT

	Group	
	2020 S\$'000	2019 S\$'000
Finance lease receivables		
- Non-related parties	8,645	8,459
Less: Loss allowance (Note 34(b))	(8,645)	(5,974)
Finance lease receivables - net (Note 15)	<u>-</u>	<u>2,485</u>
Trade receivables		
- Non-related parties	20	15
Other receivables		
- Non-related parties ^(a)	7,335	8,728
Less: Loss allowance (Note 34(b))	(7,034)	(6,691)
Other receivables - net	<u>301</u>	<u>2,037</u>
Prepayments	90	182
Deposits	62	341
Staff loans (Note 16)	26	15
	<u>499</u>	<u>5,075</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

12 TRADE AND OTHER RECEIVABLES – CURRENT (CONTINUED)

	Company	
	2020 S\$'000	2019 S\$'000
Trade receivables		
– Non-related parties	20	8
– Subsidiary corporations	119	49
	139	57
Less: Loss allowance (Note 34(b))	(49)	(49)
Trade receivables – net	90	8
Other receivables		
– Non-related parties	48	–
– Subsidiary corporations ^(b)	3,656	3,579
	3,704	3,579
Less: Loss allowance (Note 34(b))	(3,353)	(1,650)
Other receivables – net	351	1,929
Prepayments	38	39
Staff loans (Note 16)	2	11
	481	1,987

Included in other receivables are the following:

- (a) Amount due from a non-related party for a loan amounting to S\$7,034,000 (2019: S\$6,691,000). The loan is secured by various personal assets from the non-related party with interest fixed at 10% (2019: 10%) per annum and repayable by 20 November 2018.

However, in August 2018, management noted various parties had taken legal actions against the non-related party to demand for payments or take possession of the personal assets. Consequently, the Group also filed legal proceeding against the non-related party to demand for immediate payments.

In view of the uncertain outcome of the legal proceeding, the credit risk of the receivable had been increased, management had provided loss allowance to impair the entire outstanding amount in the financial year ended 31 December 2018.

Subsequently, there is no major progress of collection from the debtor. At this juncture, management is exploring to collect back the debts through various options.

- (b) Other receivables due from subsidiary corporations which are non-trade in nature, unsecured, interest-free and repayable on demand.

NOTES TO THE
FINANCIAL STATEMENTS

13 INVENTORIES

	Group	
	2020 S\$'000	2019 S\$'000
Processed inventories	390	995
Raw materials	60	5
	<u>450</u>	<u>1,000</u>

The cost of inventories recognised as an expense presented on the Consolidated Statement of Comprehensive Income amounted to S\$3,002,000 (2019: S\$4,675,000).

14 TRADE AND OTHER RECEIVABLES – NON-CURRENT

	2020 S\$'000	2019 S\$'000
Group		
Deposits	405	343
Staff loans (Note 16)	-	3
	<u>405</u>	<u>346</u>
Company		
Staff loans (Note 16)	-	3

Staff loans are unsecured, interest-free and repayable on demand.

The fair values of non-current trade and other receivables are computed based on cash flows discounted at market borrowing rates. The fair values are within level 2 of the fair value hierarchy. The fair values and the market borrowing rates are used as follows:

	Borrowing rates		Fair value	
	2020 %	2019 %	2020 S\$'000	2019 S\$'000
Group				
Deposits	0.13	0.2	403	341
Staff loans	-	5.3	-	3
	<u>-</u>	<u>5.3</u>	<u>-</u>	<u>3</u>
Company				
Staff loans	-	5.3	-	3
	<u>-</u>	<u>5.3</u>	<u>-</u>	<u>3</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

15 FINANCE LEASE RECEIVABLES

The Group leases motor vehicles and equipment to non-related parties under finance leases. The various agreements will end between 2019 and 2020 and there are no options to extend the leases. However, the lessee can make early repayments of the outstanding principal plus interest to end the contract early.

	Group	
	2020 S\$'000	2019 S\$'000
Gross receivables due		
- Not later than one year	-	240
- Later than one year but within five years	-	2,547
	-	2,787
Less: unearned finance income	-	(302)
Net investment in finance leases (Note 12)	-	2,485

The net investment in finance leases is analysed below:

	Group	
	2020 S\$'000	2019 S\$'000
- Not later than one year	-	235
- Later than one year but within five years	-	2,250
Net investment in finance leases	-	2,485

16 STAFF LOANS

	2020 S\$'000	2019 S\$'000
Group		
Receivables due		
- Not later than one year (Note 12)	26	15
- Later than one year but within five years (Note 14)	-	3
	26	18
Company		
Receivables due		
- Not later than one year (Note 12)	2	11
- Later than one year but within five years (Note 14)	-	3
	2	14

Staff loans include a loan amounting to S\$2,000 (2019: S\$14,000) made to a member of key management personnel of the Group (who is not the director of the Group). The loan is unsecured, interest free and repayable on demand.

NOTES TO THE
FINANCIAL STATEMENTS

17 FINANCIAL ASSETS, AT FVOCI

	Group	
	2020 S\$'000	2019 S\$'000
<u>Unquoted equity security – Lingbao Gold Group Co., Ltd (“Lingbao”)</u>		
Beginning of financial year	3,862	-
Addition	-	3,862
Fair value gains (Note 30(b)(iii))	358	-
End of financial year	4,220	3,862

The financial asset, at FVOCI represents 1.15% equity interests in a company – Lingbao that is engaged in the mining, processing, smelting and sale of gold and other metallic products. Lingbao is a joint stock limited company incorporated in PRC, which partially of its shares are listed on the Stock Exchange of Hong Kong Limited.

The Group has elected to measure the above financial asset, at FVOCI due to management's intention to hold the financial asset for strategic investment purpose.

18 INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2020 S\$'000	2019 S\$'000
<u>Investments at equity accounting</u>		
Beginning of financial year	21,667	-
Currency translation differences	1,102	(333)
Remeasurement of the retained equity interest in the former subsidiary corporations at its fair value	-	22,264
Share of loss of associated companies	(551)	(264)
End of financial year	22,218	21,667

Set out below are the associated companies of the Group as at 31 December 2020 and 2019. The associated companies have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation is also their principal place of business.

There are no contingent liabilities relating to the Group's interest in the associated companies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

18 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Name of associated companies	Principal activities	Country of business/ incorporation	Ownership interest at	
			2020	2019
			%	%
<u>Held through Pavillon Financial Leasing Co., Ltd.</u>				
Fengchi IOT Co., Ltd. ("IOT") ^{(a), (b)}	Warehouse and logistic management	PRC	49%	49% (i)
<u>Held through IOT</u>				
Tianjin Fengyu Corporate Secretarial Co., Ltd. ^(c)	Provision of corporate secretarial services	PRC	49%	49% (i)

^(a) Audited by Shanghai Nexia TS Certified Public Accountants

^(b) Reviewed by Nexia TS Public Accounting Corporation, Singapore for consolidation purposes

^(c) The associated company is exempted from audit by law in the country of incorporation. It is not significant to the Group.

(i) Dilution of equity interest from subsidiary corporations to associated companies

On 30 October 2018, the Group entered into an agreement with a non-related party for the injection of capital amounting to RMB 121,776,000 (equivalent to S\$24,294,000) into IOT over 3 tranches.

On 10 December 2018, under the first tranche, additional capital amounting to RMB 36,533,000 (equivalent to S\$7,234,000) have been injected by a non-related party for the registered and issued share capital of IOT. Following the capital injection exercise, the Group's equity interest in IOT diluted by 23.79% from 100% to 76.21%. This resulted in an increase in non-controlling interests by S\$4,629,000 and an increase in capital reserve by S\$2,605,000.

The effect of changes in the ownership interest of IOT on the equity attributable to owners of the Company during the financial year is summarised as follows:

	2019 S\$'000
Consideration received from non-controlling interests	7,234
Carrying amount of interests in the subsidiary corporations	(4,629)
Excess of the consideration received recognised in capital reserve (Note 30(b)(i))	2,605

During the financial year ended 31 December 2019, the Group received the remaining amounts of RMB36,533,000 (equivalent to S\$7,054,000) and RMB48,710,000 (equivalent to S\$9,406,000) in January 2019 and April 2019 respectively.

NOTES TO THE
FINANCIAL STATEMENTS**18 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)***(i) Dilution of equity interest from subsidiary corporations to associated companies (continued)*

On 3 July 2019, the registration of the additional capital was completed. Consequently, IOT became an associated company of the Group as the Group's equity interest in IOT has been reduced from 76.21% to 49%. As the Group has significant influence through its voting power and its representative on the Board of IOT.

The effects of the dilution of equity interest on the cash flows of the Group were:

	Group 3 July 2019 S\$'000
Carrying amounts of assets and liabilities as at the date of disposal:	
Cash and cash equivalents	23,993
Trade and other receivables	1,685
Property, plant and equipment (Note 20)	4,646
Intangible assets (Note 23)	48
Land-use rights (Note 24)	12,040
Total assets	<u>42,412</u>
Trade and other payables	<u>19,711</u>
Net assets derecognised	22,701
Less: Capital reserve (Note 30(b)(i))	(2,605)
Less: Non-controlling interests	(4,708)
Net assets disposed of	<u>15,388</u>
Reclassification of currency translation reserve (Note 30(b)(ii))	615
Gain on dilution of equity interest (Note 5)	<u>6,261</u>
	22,264
Remeasurement of the retained equity interest in the former subsidiary corporations at its fair value	(22,264)
Less: Cash and cash equivalents in the subsidiary corporations	(23,993)
Net cash outflows on dilution of equity interest	<u>(23,993)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

18 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

(ii) Set out below are the summarised financial information for the associated companies

Summarised statement of financial position

	2020 S\$'000	2019 S\$'000
Current		
Assets	39,245	29,600
Liabilities	(12,960)	(221)
Total net current assets	<u>26,283</u>	<u>29,379</u>
Non-current		
Assets	68,925	27,518
Liabilities	(56,827)	(19,310)
Total net non-current assets	<u>12,098</u>	<u>8,208</u>
Net assets	<u>38,383</u>	<u>37,587</u>

Reconciliation of summarised financial information

	2020 S\$'000	2019 S\$'000
Proportion of the Group's ownership	49%	49%
Group's share of net assets	18,808	18,418
Fair value adjustment	3,410	3,249
Carrying value of the Group's interest in the associated companies	<u>22,218</u>	<u>21,667</u>

NOTES TO THE
FINANCIAL STATEMENTS

18 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

(iii) Set out below are the summarised financial information for the associated companies (continued)

Summarised statement of comprehensive income

	For the financial period from	
	1 January 2020 to 31 December 2020	3 July 2019 to 31 December 2019
	S\$'000	S\$'000
Revenue	3	3
Loss before income tax	(1,127)	(538)
Income tax expense	-	(1)
Total comprehensive loss, representing net loss	(1,124)	(539)

The information above reflects the amounts presented in the financial statements of the associated companies (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the associated companies and fair value adjustments made at the time of acquisition.

19 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	2020 S\$'000	2019 S\$'000
Company		
<u>Cost</u>		
Beginning and end of financial year	33,611	33,611
<u>Accumulated impairment losses</u>		
Beginning of financial year	(6,053)	(5,953)
Impairment charge	-	(100)
End of financial year	(6,053)	(6,053)
	27,558	27,558
<u>Significant restrictions</u>		

Cash and cash equivalents of S\$5,428,000 (2019: S\$6,056,000) are held in PRC and are subject to local exchange control regulations. These local exchange regulations provide for restrictions on exporting capital from the country, other than through dividends.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

19 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

2020

Management has assessed that there were no objective evidence or indication that the carrying amount of the Group's investments in subsidiary companies may be impaired as at the reporting date, accordingly impairment assessment is not required.

2019

The impairment test assessment was carried out by management as at 31 December 2019 for the subsidiary corporation – Thai Village Pte. Ltd. (formerly known as Thai Village Express Pte. Ltd.). The recoverable amount was determined based on value-in-use which has indicated that the recoverable amount for the investment is lower than its carrying amount. Consequently, due to weak business outlook, the cost of investment for the subsidiary corporation had been fully impaired.

Details of the Group's subsidiary corporations are as follows:

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2020	2019	2020	2019	2020	2019
			%	%	%	%	%	%
<u>Held by the Company</u>								
Thai Village Restaurant Pte. Ltd. ^(a)	Operation of restaurants	Singapore	100	100	100	100	-	-
Thai Village Pte. Ltd. (formerly known as Thai Village Express Pte. Ltd.) ^(a)	Operation of restaurants and food stalls	Singapore	100	100	100	100	-	-
Pavillon Financial Leasing Co., Ltd. ^{(b) (c)}	Financial leasing of all kind of machineries, tools and equipment	PRC	75.98	75.98	75.98	75.98	24.02	24.02
Pavillon Business Development (Shanghai) Co., Ltd. ^(b)	Business development, trading, import and export of machineries and investment holdings	PRC	100	100	100	100	-	-

NOTES TO THE
FINANCIAL STATEMENTS

19 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Name	Principal activities	Country of business/ incorporation	Proportion of ordinary shares held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2020	2019	2020	2019	2020	2019
Held by the Company			%	%	%	%	%	%
State Research Pavillon Finance Leasing Co., Ltd. ^(b)	Financial leasing of all kind of machineries, tools and equipment	PRC	50	50	87.99	87.99	12.01	12.01
Fengchi Real Estate Sdn. Bhd. ^(d)	Property management	Malaysia	100	100	100	100	-	-
Held through Pavillon Business Development (Shanghai) Co., Ltd.								
Tianjin Pavillon Assets Management Co., Ltd. ^(b)	Asset Management, enterprise management, mergers and acquisitions and financial advisory services	PRC	100	100	100	100	-	-

(a) Audited by Nexia TS Public Accounting Corporation

(b) Audited by Shanghai Nexia TS Certified Public Accountants for consolidation purposes

(c) Reviewed by Nexia TS Public Accounting Corporation, Singapore for consolidation purposes

(d) The subsidiary corporation is dormant and is exempted from audit by law in the country of incorporation. It is not significant to the Group

Carrying value of non-controlling interests

	2020 S\$'000	2019 S\$'000
Pavillon Financial Leasing Co., Ltd.	5,580	6,139
Other subsidiary corporations with immaterial non-controlling interests	19	(26)
Total	5,599	6,113

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

19 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Carrying value of non-controlling interests (continued)

Summarised financial information of subsidiary corporations with material non-controlling interests

Set out below are the summarised financial information for each subsidiary corporations that has non-controlling interests that are material to the Group. These are presented before inter-company eliminations.

Summarised statement of financial position

	2020 S\$'000	2019 S\$'000
Pavillon Financial Leasing Co., Ltd.		
Current		
Assets	1,138	5,688
Liabilities	(4,535)	(5,852)
Total net current liabilities	<u>(3,397)</u>	<u>(164)</u>
Non-current		
Assets	30,008	29,793
Total net non-current assets	<u>30,008</u>	<u>29,793</u>
Net assets	<u>26,611</u>	<u>29,629</u>

Summarised statement of comprehensive income

	2020 S\$'000	2019 S\$'000
Pavillon Financial Leasing Co., Ltd.		
Revenue	-	98
(Loss)/profit before income tax	(3,773)	3,887
Total comprehensive (loss)/income, representing net (loss)/profit	<u>(3,773)</u>	<u>3,887</u>

NOTES TO THE FINANCIAL STATEMENTS

19 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Carrying value of non-controlling interests (continued)

Summarised financial information of subsidiary corporations with material non-controlling interests

	2020 S\$'000	2019 S\$'000
Pavillon Financial Leasing Co., Ltd.		
<u>Cash flows from operating activities</u>		
Cash (used in)/generated by operations	(584)	5,862
Interest paid	-	(1)
Income tax paid	-	(149)
Net cash (used in)/provided by operating activities	(584)	5,712
Net cash used in investing activities	(220)	(3,657)
Net cash used in financing activities	-	(1,015)
Net (decrease)/increase in cash and cash equivalents	(804)	1,040
Cash and cash equivalents		
Beginning of financial year	1,920	892
Effects of currency translation on cash and cash equivalents	(3)	(12)
End of financial year	1,113	1,920

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

20 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold properties S\$'000	Furniture and fittings S\$'000	Plant and machinery S\$'000	Motor vehicles S\$'000	Computers S\$'000	Operating supplies S\$'000	Total S\$'000
2020							
<i>Cost</i>							
Beginning of financial year	4,951	2,486	289	1,691	171	32	9,620
Currency translation differences	40	8	-	21	3	-	72
Addition	2,068	95	33	832	32	-	3,060
Modification of lease liabilities	(1,399)	-	-	-	-	-	(1,399)
Disposal/Write off	-	(7)	(23)	(802)	(16)	-	(848)
Reclassification	-	12	-	-	(12)	-	-
End of financial year	5,660	2,594	299	1,742	178	32	10,505
<i>Accumulated depreciation</i>							
Beginning of financial year	2,526	2,123	223	1,326	154	16	6,368
Currency translation differences	18	4	-	20	2	-	44
Depreciation charge	1,503	64	11	214	18	3	1,813
Modification of lease liabilities	(1,133)	-	-	-	-	-	(1,133)
Disposal/Write off	-	-	(23)	(802)	(14)	-	(839)
End of financial year	2,914	2,191	211	758	160	19	6,253
<i>Accumulated impairment loss</i>							
Beginning and end of financial year	-	188	28	-	-	4	220
<i>Net book value</i>							
End of financial year	2,746	215	60	984	18	9	4,032

NOTES TO THE
FINANCIAL STATEMENTS

20 PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold properties S\$'000	Furniture and fittings S\$'000	Plant and machinery S\$'000	Motor vehicles S\$'000	Computers S\$'000	Operating supplies S\$'000	Assets under construction S\$'000	Total S\$'000
2019								
<i>Cost</i>								
Beginning of financial year	1,576	2,234	249	1,704	168	32	1,502	7,465
Adoption of SFRS(I)16	2,507	-	-	-	-	-	-	2,507
Currency translation differences	(16)	(5)	-	(13)	(2)	-	(20)	(56)
Additions	884	263	40	-	5	-	3,159	4,351
Dilution of equity interest from subsidiary corporations to associated companies (Note 18(i))	-	(6)	-	-	-	-	(4,641)	(4,647)
End of financial year	4,951	2,486	289	1,691	171	32	-	9,620
<i>Accumulated depreciation</i>								
Beginning of financial year	1,105	1,903	208	1,144	131	12	-	4,503
Currency translation differences	-	(1)	-	(10)	(1)	-	-	(12)
Depreciation charge	1,421	222	15	192	24	4	-	1,878
Dilution of equity interest from subsidiary corporations to associated companies (Note 18(i))	-	(1)	-	-	-	-	-	(1)
End of financial year	2,526	2,123	223	1,326	154	16	-	6,368
<i>Accumulated impairment loss</i>								
Beginning of financial year	-	-	-	-	-	-	-	-
Impairment charge	-	188	28	-	-	4	-	220
End of financial year	-	188	28	-	-	4	-	220
<i>Net book value</i>								
End of financial year	2,425	175	38	365	17	12	-	3,032

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

20 PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 21(a) to the financial statements.
- (b) Included within additions in the consolidated financial statements for the financial year ended 31 December 2020 are motor vehicles acquired under finance leases amounting to S\$832,000 (2019: Nil).

Company	Computers
2020	S\$'000
<i>Cost</i>	
Beginning of financial year	16
Additions	10
Written-off	(16)
End of financial year	10
<i>Accumulated depreciation</i>	
Beginning of financial year	16
Depreciation charge	8
Written-off	(16)
End of financial year	8
<i>Net book value</i>	
End of financial year	2
2019	
<i>Cost</i>	
Beginning and end of financial year	16
<i>Accumulated depreciation</i>	
Beginning and end of financial year	16
<i>Net book value</i>	
End of financial year	-

NOTES TO THE
FINANCIAL STATEMENTS**21 LEASES – THE GROUP AS A LESSEE****Nature of the Group's leasing activities****Properties**

The Group leases office premises and restaurant for the purpose of back office operations and operations of restaurants and food staffs respectively.

Leasehold properties

The Group has made an upfront payment to secure the right-of-use of 30-year leasehold properties, which is used for the head office of the Group.

The Group also makes annual payments for leasehold properties. The right-of-use of the properties are classified as Property, plant and equipment (Note 20).

The Group also makes annual payments for leasehold properties.

There are no externally imposed covenant on these lease arrangements.

Motor vehicles

The Group entered into a finance lease agreement for leasing motor vehicles for daily operation.

(a) Carrying amounts of ROU assets classified within Property, plant and equipment

	Leasehold properties S\$'000	Motor vehicles S\$'000	Total S\$'000
<u>2020</u>			
At 1 January 2020	2,005	316	2,321
Currency translation differences	22	-	22
Additions	2,068	832	2,900
Lease modification	(267)	-	(267)
Depreciation	(1,452)	(235)	(1,687)
At 31 December 2020	<u>2,376</u>	<u>913</u>	<u>3,289</u>
<u>2019</u>			
At 1 January 2019	2,507	398	2,905
Currency translation differences	(16)	-	(16)
Addition	884	-	884
Depreciation	(1,370)	(82)	(1,452)
At 31 December 2019	<u>2,005</u>	<u>316</u>	<u>2,321</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

21 LEASES – THE GROUP AS A LESSEE (CONTINUED)

(b) Interest expense

	2020 S\$'000	2019 S\$'000
Interest expense on lease liabilities (Note 7)	93	68

(c) Lease expense not capitalised in lease liabilities

	2020 S\$'000	2019 S\$'000
Lease expense – short-term leases	-	227
Variable lease payments which do not depends on an index or rate	43	20
Total (Note 8)	43	247

(d) Total cash outflow for all the leases in 2020 S\$1,004,000 (2019 S\$1,698,000).

22 LEASES – THE GROUP AS A LESSOR

Nature of the Group's leasing activities – Group as a lessor

The Group has entered into lease arrangements with external parties on its motor vehicles and equipment. The Group evaluated the terms and conditions of the arrangements and assessed that the ownership of the assets will be transferred to the lessee at the end of the lease term. The Group determined that all the significant risks and rewards of the ownership of the assets will be transferred substantially to the lessee. As a result, the contracts are classified and measured as finance leases

Revenue from leasing segment is disclosed in Note 4 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

22 LEASES – THE GROUP AS A LESSOR (CONTINUED)

Nature of the Group's leasing activities – Group as an intermediate lessor

Sub-leases – classified as operating leases

The Group acts as an intermediate lessor under arrangement in which it sub-leases out office premises to third parties for monthly lease payments. The sub-lease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as an operating leases.

Income from sub-leasing the office space recognised during the financial year ended 31 December 2020 was S\$285,000 (2019: S\$244,000).

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	2020 S\$'000	2019 S\$'000
Total undiscounted lease payment less than one year	38	52

23 INTANGIBLE ASSETS

	Group 2019 S\$'000
Cost	
Beginning of financial year	60
Dilution of equity interest from subsidiary corporations to associated companies (Note 18(i))	(60)
End of financial year	-
Accumulated amortisation	
Beginning of financial year	10
Amortisation charge	2
Dilution of equity interest from subsidiary corporations to associated companies (Note 18(i))	(12)
End of financial year	-
Net book value	
End of financial year	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

24 LAND-USE RIGHTS

	Group 2019 S\$'000
<i>Cost</i>	
Beginning of financial year	12,582
Currency translation differences	(164)
Dilution of equity interest from subsidiary corporations to associated companies (Note 18(i))	(12,418)
End of financial year	-
<i>Accumulated amortisation</i>	
Beginning of the financial year	(256)
Amortisation charge	(122)
Dilution of equity interest from subsidiary corporations to associated companies (Note 18(i))	378
End of financial year	-
<i>Net book value</i>	
End of financial year	-

On 12 December 2017, the Group had obtained approval of the land-use rights on a plot of land located at Tianjin Port Dongjiang Port Area 1000321 for a period of 50 years. The land is use for the construction of an integrated logistic warehouse.

As at 31 December 2017, the title for the land-use rights has not been transferred to the Group. Notwithstanding the fact that the Group has not obtained the relevant title of the land-use rights, the management considered that the Group had obtained the rights to use through contractual agreement with the local government agency. On 12 January 2018, the Group obtained the legal title of the land-use right.

NOTES TO THE
FINANCIAL STATEMENTS

25 TRADE AND OTHER PAYABLES

	Group		Company	
	2020	2019	2020	2019
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Current</i>				
Trade payables				
- Non-related parties	207	496	-	-
Other payables				
- Non-related parties	995	2,996	92	88
- Subsidiary corporations	-	-	1,070	1,740
- Directors	68	99	68	99
- Accruals for operating expenses	677	497	273	140
	1,740	3,592	1,503	2,067
	1,947	4,088	1,503	2,067
<i>Non-current</i>				
Franchise deposits	100	100	100	100
Total trade and other payables	2,047	4,188	1,602	2,167

The amount due to directors and subsidiary corporations are unsecured, interest-free and repayable on demand.

The fair values of non-current trade and other payables are computed based on cash flows discounted at market borrowing rates. The fair values are within level 2 of the fair value hierarchy. The fair values and the market borrowing rates are used as follows:

	Fair value	
	2020	2019
	S\$'000	S\$'000
Group and Company		
Franchise deposits	77	78
	Borrowing rates	
	2020	2019
	%	%
Group and Company		
Franchise deposits	3	5.3

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

26 BORROWINGS

	Group	
	2020 S\$'000	2019 S\$'000
Current		
Bank overdrafts (Note 11)	420	-
Bank borrowings	300	-
Lease liabilities	1,271	1,116
	<u>1,991</u>	<u>1,116</u>
Non-current		
Bank borrowings	1,061	-
Lease liabilities	1,524	1,080
	<u>2,585</u>	<u>1,080</u>
Total borrowings	<u>4,576</u>	<u>2,196</u>

	2020 S\$'000
Current	
Bank overdrafts	420
Bank borrowings	300
	<u>720</u>
Non-current	
Bank borrowings	<u>1,061</u>
Total borrowings	<u>1,781</u>

The exposure of the borrowings of the Group to interest rate changes and the contractual repricing dates at the balance sheet date are as follows:

	Group	
	2020 S\$'000	2019 S\$'000
6 months or less	1,294	657
6 – 12 months	697	459
1 – 5 years	2,547	1,026
Over 5 years	38	54
	<u>4,576</u>	<u>2,196</u>

NOTES TO THE
FINANCIAL STATEMENTS**26 BORROWINGS (CONTINUED)**

	Company 2020 S\$'000
6 months or less	576
6 – 12 months	144
1 – 5 years	1,061
	<u>1,781</u>

27 PROVISIONS

	Group 2020 S\$'000	2019 S\$'000
<i>Provision for reinstatement cost</i>		
Beginning of financial year	218	198
Additions	-	20
Reversal	(20)	-
End of financial year	<u>198</u>	<u>218</u>
Current	-	20
Non-current	<u>198</u>	<u>198</u>
	<u>198</u>	<u>218</u>

Provision for reinstatement cost are recognised for expected costs for dismantling, removal and restoration of property, plant and equipment based on the best estimate of the expenditure with reference to past experience.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

28 DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The amounts, determined after appropriate offsetting, are shown on the consolidated statement of financial position as follows:

	Group	
	2020 S\$'000	2019 S\$'000
Deferred income tax liabilities, representing accelerated tax depreciation		
- to be settled within one year	83	67

Movement in deferred income tax liabilities account is as follows:

	Group	
	2020 S\$'000	2019 S\$'000
Beginning of financial year	67	80
Additions (Note 9(a))	16	(13)
End of financial year	83	67

29 SHARE CAPITAL

	Group and Company	
	Number of shares	Issued and paid-up share capital S\$'000
As at 31 December 2020 and 31 December 2019	387,748,700	39,433

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

NOTES TO THE
FINANCIAL STATEMENTS

30 OTHER RESERVES

(a) Composition:

	Group	
	2020 S\$'000	2019 S\$'000
Capital reserve	3,478	3,478
Currency translation reserve	(453)	(1,556)
Fair value reserve	272	-
	<u>3,297</u>	<u>1,922</u>

(b) Movements:

	Group	
	2020 S\$'000	2019 S\$'000
(i) <i>Capital reserve</i>		
Beginning of financial year	3,478	6,083
Dilution of equity interest from subsidiary corporations to associated companies (Note 18(i))	-	(2,605)
End of financial year	<u>3,478</u>	<u>3,478</u>
(ii) <i>Currency translation reserve</i>		
Beginning of financial year	(1,556)	(1,897)
Currency translation differences of financial statements of foreign subsidiary corporations	1,411	(614)
(Less)/add: non-controlling interests	(308)	340
Reclassification on dilution of equity interest from subsidiary corporations to associated companies (Note 18(i))	-	615
End of financial year	<u>(453)</u>	<u>(1,556)</u>
(iii) <i>Fair value reserve</i>		
Beginning of financial year		-
Financial assets, at FVOCI		
- Fair value gains (Note 17)		358
Less: non-controlling interests		(86)
End of financial year		<u>272</u>

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

31 ACCUMULATED LOSSES

Movements in accumulated losses of the Company is as follows:

	Company	
	2020	2019
	S\$'000	S\$'000
Beginning of financial year	(11,735)	(8,630)
Net loss	(3,024)	(3,105)
End of financial year	<u>(14,759)</u>	<u>(11,735)</u>

32 COMMITMENTS

Capital commitments

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

	Group	
	2020	2019
	S\$'000	S\$'000
Capital commitment in relations to capital injection into investments in PRC		
- Subsidiary corporations	100,746	95,833
- Associated company	199	189
	<u>100,945</u>	<u>96,022</u>

NOTES TO THE
FINANCIAL STATEMENTS**33 CONTINGENT LIABILITIES****(i) Financial support for subsidiary corporations**

The Company has provided letters of financial support for some of its subsidiary corporations to enable these subsidiary corporations to operate as going concern and to meet their liabilities as and when they fall due. No liabilities are recognised in the statement of financial position of the Company as it is considered unlikely that there will be significant outflows of resources made by the Company as a result of the financial support provided by the Company.

(ii) Financial guarantee

Pavillon Financing Leasing Co., Ltd, a subsidiary corporation of the Company has issued corporate guarantee to a bank for borrowings of an associated company. These bank borrowings amount to S\$27,845,000 (2019: \$9,947,000) at the balance sheet date. No liabilities are recognised in the statement of financial position of the Group as it is considered unlikely that there will be significant outflows of resources made by the Group.

34 FINANCIAL RISK MANAGEMENT***Financial risk factors***

The Group's activities expose it to market risk (including currency risk, interest risk and price risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's financial performance.

The Group's overall strategies, tolerance of risks, and general risk management philosophy are determined by the Board in accordance with prevailing economic and operating conditions. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is and has been throughout the current and previous financial year, the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Currency risk

The Group operates mainly in Singapore and PRC. Entities in the Group seldom transact in currencies other than their respective functional currencies ("foreign currencies"). Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as Renminbi ("RMB").

The Group's currency exposure based on the information provided by management is as follows:

	SGD S\$'000	RMB S\$'000	Other S\$'000	Total S\$'000
31 December 2020				
Financial assets				
Cash and cash equivalents	2,926	5,426	20	8,372
Trade and other receivables	663	146	5	814
Financial assets, at FVOCI	-	4,220	-	4,220
Intra-group receivables	1,442	7,232	-	8,674
	5,031	17,024	25	22,080
Financial liabilities				
Trade and other payables	(1,195)	(851)	(1)	(2,047)
Borrowings	(4,400)	(176)	-	(4,576)
Intra-group payables	(1,442)	(7,232)	-	(8,674)
	(7,037)	(8,259)	(1)	(15,297)
Net financial (liabilities)/assets	(2,006)	8,765	24	6,783
Add: Net financial (assets)/liabilities denominated in respective entities' functional currencies	2,006	(8,750)	(20)	(6,764)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	-	15	4	19

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD S\$'000	RMB S\$'000	Other S\$'000	Total S\$'000
31 December 2019				
Financial assets				
Cash and cash equivalents	2,223	6,056	21	8,300
Trade and other receivables	601	4,638	-	5,239
Financial assets, at FVOCI	-	3,862	-	3,862
Intra-group receivables	1,740	7,502	-	9,242
	4,564	22,058	21	26,643
Financial liabilities				
Trade and other payables	(1,363)	(2,824)	(1)	(4,188)
Borrowings	(1,636)	(560)	-	(2,196)
Intra-group payables	(1,740)	(7,502)	-	(9,242)
	(4,739)	(10,886)	(1)	(15,626)
Net financial (liabilities)/assets	(175)	11,172	20	11,017
Add: Net financial (assets)/ liabilities denominated in respective entities' functional currencies	175	(9,241)	(20)	(9,086)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	-	1,931	-	1,931

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

The Company's currency exposure based on the information provided by management is as follows:

	SGD S\$'000	RMB S\$'000	Other S\$'000	Total S\$'000
31 December 2020				
Financial assets				
Cash and cash equivalents	17	-	-	17
Trade and other receivables	424	15	4	443
	441	15	4	460
Financial liabilities				
Trade and other payables	(1,602)	-	-	(1,602)
Borrowings	(1,781)	-	-	(1,781)
	(3,383)	-	-	(3,383)
Net financial (liabilities)/assets	(2,942)	15	4	(2,923)
Add: Net financial liabilities denominated in the Company's functional currency	2,942	-	-	2,942
Currency exposure of financial assets	-	15	4	19

NOTES TO THE
FINANCIAL STATEMENTS**34 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Market risk (continued)***(i) Currency risk (continued)*

	SGD S\$'000	RMB S\$'000	Other S\$'000	Total S\$'000
31 December 2019				
Financial assets				
Cash and cash equivalents	317	-	-	317
Trade and other receivables	14	1,929	8	1,951
	<u>331</u>	<u>1,929</u>	<u>8</u>	<u>2,268</u>
Financial liabilities				
Trade and other payables	(2,167)	-	-	(2,167)
Net financial (liabilities)/assets	<u>(1,836)</u>	<u>1,929</u>	<u>8</u>	<u>101</u>
Add: Net financial liabilities denominated in the Company's functional currency	1,836	-	-	1,836
Currency exposure of financial assets	<u>-</u>	<u>1,929</u>	<u>8</u>	<u>1,937</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The strengthening of RMB against SGD by 5% (2019: 3%), at the reporting date would increase/(decrease) loss after tax by the amounts shown below. This analysis assumes that all other variables including tax rate being held constant.

	(Loss)/profit after tax	
	2020	2019
	S\$'000	S\$'000
Group		
RMB against SGD		
- Strengthened	1	(48)
- Weakened	(1)	48
	<hr/>	<hr/>
	Loss after tax	
	2020	2019
	S\$'000	S\$'000
Company		
RMB against SGD		
- Strengthened	1	48
- Weakened	(1)	(48)
	<hr/>	<hr/>

NOTES TO THE
FINANCIAL STATEMENTS**34 FINANCIAL RISK MANAGEMENT (CONTINUED)****(a) Market risk (continued)***(ii) Cash flow and fair value interest rate risks*

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. As the Group's and the Company's bank borrowings is charged at a fixed interest rate, the Group's and the Company's income and expense are independent of changes in market interest rates.

(iii) Price risk

The Group is exposed to equity price risk arising from the investment held by the Group which is classified as financial assets, at FVOCI.

The security is unquoted share and the fair value is within level 2 of the fair value hierarchy. If price for the unquoted share had changed by 10% (2019: 10%) with all other variables including tax rate being held constant, the effects on other comprehensive income would have been increase/decrease by S\$422,000 (2019: S\$386,000).

The Company is not exposed to equity price risk as the Company does not hold any equity financial assets.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group and of the Company are cash and cash equivalents and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history, and obtaining sufficient collateral where appropriate to mitigate credit risk.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by management based on ongoing credit evaluations. The counterparty's payment patterns and credit exposure are continually monitored at the entity level by respective managements.

Sales of restaurant operations is required to be settled in cash, NETS or using major credit cards, which has mitigated the credit risk. The trade receivables of the Group comprise of the sales settled in NETS and credit card which are not past due as at 31 December 2020 and 2019.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

The finance lease receivables of the Group comprise 1 debtor (2019: 1 debtor) that individually represented 99% (2019: 91%) of finance lease receivables.

The other receivables of the Group comprise 1 debtor (2019: 1 debtor) that individually represented 96% (2019: 99%) of other receivables.

The Group does not have concentration risk on trade receivables as the amount as at the reporting date is not significant to the Group.

As the Group does not hold any collateral or other credit enhancement to cover its credit risks associated with its financial assets (other than finance lease receivables), the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet, except as follows:

	Group	
	2020 S\$'000	2019 S\$'000
Corporate guarantees provided to banks on associated company's loans	27,845	9,947

The movement in credit loss allowance are as follows:

Group	Finance lease receivables S\$'000	Other receivables S\$'000	Total S\$'000
Balance at 1 January 2020	5,974	6,691	12,665
Currency translation difference	306	343	649
Loss allowance recognised during the financial year	2,365	-	2,365
Balance at 31 December 2020 (Note 12)	8,645	7,034	15,679
Balance at 1 January 2019	4,827	7,001	11,828
Currency translation difference	(250)	(310)	(560)
Loss allowance recognised during the financial year	5,259	-	5,259
Reversal of loss allowance during the financial year	(3,862)	-	(3,862)
Balance at 31 December 2019 (Note 12)	5,974	6,691	12,665

NOTES TO THE
FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

Company	Trade receivables S\$'000	Other receivables S\$'000	Total S\$'000
Balance at 1 January 2020	49	1,650	1,699
Loss allowance recognised during the financial year	-	1,703	1,703
Balance at 31 December 2020 (Note 12)	49	3,353	3,402
Balance at 1 January 2019	-	-	-
Loss allowance recognised during the financial year	49	1,650	1,699
Balance at 31 December 2019 (Note 12)	49	1,650	1,699

(i) Finance lease receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for finance lease receivables. In measuring the expected credit losses ("ECL"), finance lease receivables are grouped based on shared credit risk characteristics and days past due.

In calculating the ECL rates, the Group considers purely historical loss rates for each category of customers which management is of the view that the historical conditions are representative of the conditions prevailing at the reporting date.

Finance lease receivables are written off when there is no reasonable expectation of recovery, such as a lessee failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payments for more than a year when they fall due, and writes off the financial asset when there is no reasonable ground to recover the receivables after all enforcement activity has been taken by the Group.

The Group's credit risk exposure in relation to finance lease receivables under SFRS(I) 9 as at 31 December 2020 and 2019 are set out in the provision matrix as follows:

<u>Finance lease receivables</u>	Gross amount S\$'000	Loss allowance S\$'000	Carrying amount S\$'000
Group			
2020			
Not past due	-	-	-
> 365 days past due	8,645	(8,645)	-
	8,645	(8,645)	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) Finance lease receivables (continued)

The Group's credit risk exposure in relation to finance lease receivables under SFRS(I) 9 as at 31 December 2020 and 2019 are set out in the provision matrix as follows:

Finance lease receivables	Gross amount S\$'000	Loss allowance S\$'000	Carrying amount S\$'000
Group			
2019			
Not past due	235	-	235
> 365 days past due	8,224	(5,974)	2,250
	<u>8,459</u>	<u>(5,974)</u>	<u>2,485</u>

During the financial year ended 31 December 2019, the former executive director has underwritten a debt by entered into an agreement with a subsidiary corporation of the Group – Pavillon Financing Leasing Co., Ltd. ("PFL") through a company of his connected person to transfer their existing unquoted shares to PFL as a partial settlement of the debt amounted to S\$4,220,000 (2019: S\$3,862,000) (equivalent to RMB20,000,000). Consequently, the loss allowance provided in prior financial year had been reversed out to profit or loss.

The unquoted share is classified as financial asset, at FVOCI (Note 17).

(ii) Other receivables

The Group uses the general approach to measure the loss allowance for other receivables as described in Note 3.1(a) to the financial statements. Other receivables are individually determined to be impaired when the Group determined that the financial assets has significant increase in credit risk since initial recognition, such as the debtors have financial difficulties and have defaulted on payments during the financial year. As at 31 December 2020, the Group performed an assessment of impairment and concluded the loss allowance is adequate.

(iii) Non-trade amounts due from subsidiary corporations

The amount due from subsidiary corporations is for short term funding requirements. The Company uses a general approach for assessment of ECL for these receivables. Impairment on these balances has been measured on the 12-month expected loss basis which credit risk has increased significantly since initial recognition. Loss allowance for a non-performing subsidiary corporation with significant increase in credit risk amounted to S\$1,703,000 (2019: S\$1,650,000) has been recognised during the financial year as there is no reasonable ground to recover the receivables from the subsidiary corporation.

(iv) Cash and cash equivalents

The Group and the Company held cash and cash equivalents only with reputable licensed financial institutions with high credit-ratings and considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

NOTES TO THE FINANCIAL STATEMENTS

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through having an adequate amount of committed credit facilities to enable it to meet its normal operating commitments. As at the reporting date, assets held by the Group and the Company for managing liquidity risk included cash and cash equivalents as disclosed in Note 12 to the financial statements.

The table below analyses financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Within 1 year S\$'000	Between 1 and 5 year S\$'000	Over 5 year S\$'000
Group			
31 December 2020			
Trade and other payables	1,947	100	-
Lease liabilities	1,342	1,531	39
Borrowings (excluding lease liabilities)	756	1,119	-
	<u>4,045</u>	<u>2,750</u>	<u>39</u>
31 December 2019			
Trade and other payables	4,088	100	-
Lease liabilities	1,203	1,064	57
	<u>5,291</u>	<u>1,164</u>	<u>57</u>
Company			
31 December 2020			
Trade and other payables	1,502	100	-
Borrowings	756	1,119	-
	<u>2,258</u>	<u>1,219</u>	<u>-</u>
31 December 2019			
Trade and other payables	<u>2,067</u>	<u>100</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

34 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	Group	
	2020	2019
	S\$'000	S\$'000
Net debt	(1,749)	(1,916)
Total equity	33,261	36,507
Total capital	31,512	34,591
Gearing ratio	N.A. ⁽¹⁾	N.A. ⁽¹⁾

⁽¹⁾ The cash position exceeds the total of trade and other payables and borrowings. The Group is in a net cash positions as at 31 December 2020 and 2019 respectively.

	Company	
	2020	2019
	S\$'000	S\$'000
Net debt	3,367	1,850
Total equity	24,674	27,698
Total capital	28,041	29,548
Gearing ratio	12%	6%

The Group and the Company are not subject to externally imposed capital requirements for the financial years ended 31 December 2020 and 2019 respectively.

NOTES TO THE
FINANCIAL STATEMENTS**34 FINANCIAL RISK MANAGEMENT (CONTINUED)****(e) Fair value measurements**

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included within level 1 that are observable or the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- (iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Group	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
2020				
Financial assets, at FVOCI	-	4,220	-	4,220
2019				
Financial assets, at FVOCI	-	3,862	-	3,862

The fair value of financial instrument that is not traded in an active market (e.g. over-the-counter derivatives).

In 2020, the instrument is determined by using the trading metrics (multiples) of comparable companies which are publicly-listed companies, and applied discount rate to the estimated equity value to account for a lack of marketability and/ or lack of control within the subject company. The instrument is classified as Level 2.

In 2019, as the transaction was completed on 31 December 2019, the instrument is determined by using the transaction price represents the fair value based on the exit price concept. The instrument is classified as Level 2.

The fair values of current financial assets and liabilities carried at amortised cost approximates their carrying amount. The fair value of non-current financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Financial assets at amortised cost	9,186	13,539	460	2,268
Financial assets at FVOCI	4,220	3,862	-	-
Financial liabilities at amortised cost	6,623	6,384	3,383	2,167

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

35 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) *Sales of purchases of goods and services*

	Group	
	2020 S\$'000	2019 S\$'000
<i>Associated company</i>		
Management fee	-	58
Rental income	181	336

(b) *Key management personnel compensation*

	Group	
	2020 S\$'000	2019 S\$'000
<u>Directors of the Company</u>		
Salaries and bonus	1,039	1,659
Employer's contribution to defined contributions plan	23	47
Other benefit	195	134
	<u>1,257</u>	<u>1,840</u>
<u>Other key management personnel</u>		
Salaries and bonus	1,043	607
Employer's contribution to defined contributions plan	74	71
Other benefit	53	-
	<u>1,170</u>	<u>678</u>

NOTES TO THE
FINANCIAL STATEMENTS**36 SEGMENT INFORMATION**

For management purposes, the Group is organised into the following reportable operating segments:

1. Food and beverages operations, which mainly related to operation of restaurant outlets, management fees from restaurants, franchise fee and royalties;
2. Leasing operations, which mainly relates to equipment and car leasing;
3. Properties operations, which mainly relates to the proposed logistics and warehousing management services of the Tianjin Free Trade Zone project; and
4. All other segments, which mainly relate to management fees from related companies within the Group.

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

Executive committee monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

36 SEGMENT INFORMATION (CONTINUED)

Segment information about the Group's reportable segments is as follows:

2020	Food and beverages S\$'000	Leasing S\$'000	Properties S\$'000	All other segments S\$'000	Eliminations S\$'000	Notes	Total S\$'000
Revenue							
Sales to external parties	8,069	-	285	132	-		8,486
Inter-segment sales	6	-	256	794	(1,056)	A	-
Results							
Segment profit/(loss)	202	(3,240)	(103)	(3,026)	1,152	C	(5,015)
Interest income	-	61	1	-	-		62
Depreciation of property, plant and equipment	(1,399)	(3)	(408)	(3)	-		(1,813)
Impairment loss on finance lease receivables	-	(2,372)	-	-	-		(2,372)
Impairment loss on other receivables	-	-	-	(1,703)	1,703	B	-
Segment assets	8,973	40,475	2,264	28,083	(39,599)	D	40,196
<i>Segment assets includes:</i>							
Investment in associated companies	-	22,218	-	-	-		22,218
Additions to:							
Property, plant and equipment	3,053	-	2	5	-		3,060
Segment liabilities	5,691	5,851	3,730	3,391	(11,728)	D	6,935

NOTES TO THE
FINANCIAL STATEMENTS

36 SEGMENT INFORMATION (CONTINUED)

2019	Food and beverages S\$'000	Leasing S\$'000	Properties S\$'000	All other segments S\$'000	Eliminations S\$'000	Notes	Total S\$'000
Revenue							
Sales to external parties	12,446	123	244	175	-		12,988
Inter-segment sales	21	-	394	1,248	(1,663)	A	-
Results							
Segment profit/(loss)	(251)	3,850	(795)	(3,075)	1,535	C	1,264
Interest income	-	40	213	31	-		284
Amortisation of intangible asset and land-use-right	-	-	-	(124)	-		(124)
Depreciation of property, plant and equipment	(1,345)	(5)	(457)	(71)	-		(1,878)
Impairment loss on finance lease receivables	-	(5,259)	-	(5,259)	-		(5,259)
Impairment loss on other receivables	-	-	-	(1,652)	1,652	B	-
Reversal of impairment loss on finance lease receivables	-	3,862	-	-	-		3,862
Segment assets	7,640	43,674	1,130	31,921	(41,083)	D	43,282
<i>Segment assets includes:</i>							
Investment in associated companies	-	21,667	-	-	-		21,667
Additions to:							
Financial assets, at FVOCI	-	3,862	-	-	-		3,862
Property, plant and equipment	306	-	1	3,160	-		3,467
Segment liabilities	4,641	6,408	2,537	4,111	(10,922)	D	6,775

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

36 SEGMENT INFORMATION (CONTINUED)

Notes:

- A Inter-segment revenues are eliminated on consolidation.
- B Impairment loss on non-trade amount due from a subsidiary corporation is eliminated on consolidation.
- C The following items are added to/(deducted from) segment (loss)/profit to arrive at “(loss)/profit before income tax” presented in the consolidated statement of comprehensive income:

	2020	2019
	S\$'000	S\$'000
Impairment loss on trade and other receivables	1,703	1,699
Impairment loss on investment in subsidiary corporations	-	100
Share of loss from associated companies	(551)	(264)
	<u>1,152</u>	<u>1,535</u>

NOTES TO THE
FINANCIAL STATEMENTS**36 SEGMENT INFORMATION (CONTINUED)**

D The elimination in relating to segment assets and segment liabilities are inter-segment transactions.

Geographical information:

Revenue of the Group are mainly derived from provision of food and beverage, leasing and properties services in Singapore and PRC.

	Revenue	
	2020 S\$'000	2019 S\$'000
Singapore	8,069	12,446
PRC	366	471
Other countries	51	71
	<u>8,486</u>	<u>12,988</u>
	Non-current assets	
	2020 S\$'000	2019 S\$'000
Singapore	3,764	1,681
PRC	22,486	23,018
	<u>26,250</u>	<u>24,699</u>

Non-current assets information presented above consist of property, plant and equipment, and investments in associated companies as present on the statement of financial position.

Major customer information:

The Group does not have revenue concentration risk from any one or more customers. Revenue is spread over large number of customers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2020

37 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards and amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2021 and which the Group has not early adopted.

Effective for annual periods beginning on or after 1 January 2022

- Amendments to SFRS(I) 3 – Reference to Conceptual Framework
- Amendments to SFRS(I) 1-16 – Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to SFRS(I) 1-37 – Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to SFRS(I)s 2018-2020

Effective for annual periods beginning on or after 1 January 2023

- SFRS(I) 17 Insurance Contracts
- Amendments to SFRS(I) 17
- SFRS(I) 1-1 Amendments to SFRS(I) 1-1 – Classification of Liabilities as Current or Non-current

Effective date: to be determined*

- Amendments to SFRS(I) 10 and SFRS(I) 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* *The mandatory effective date of this Amendment had been revised from 1 January 2016 to a date to be determined by the Accounting Standards Council Singapore ("ASC") in December 2015 via Amendments to Effective Date of Amendments to FRS 110 and FRS 28.*

38 AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Pavillon Holdings Ltd. on 5 April 2021

CORPORATE GOVERNANCE REPORT

The Board of Directors of Pavillon Holdings Ltd. (the “**Company**”) recognises the importance of and is committed to maintain high standard of corporate governance within the Company and its subsidiaries (the “**Group**”). The Company strives to enhance the interests of the shareholders of the Company (the “**Shareholders**”) and maintain an ethical environment in the Group.

This report describes the Company’s corporate governance framework and practices that the Company had adopted, for the financial year ended 31 December 2020, with specific reference made to the principles and provisions as set out in the Code of Corporate Governance 2018 (the “**Code**”) and accompanying Practice Guidance, issued by the Corporate Governance Council on 6 August 2018 and adopted by the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”).

1. BOARD MATTERS

1.1 The Board’s conduct of affairs

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

The Board of Directors (the “**Board**”) comprises the following members: -

Dr. John Chen Seow Phun	Executive Chairman
Lee Tong Soon	Managing Director
Foo Der Rong	Independent Director
Ko Chuan Aun	Independent Director
Jo-Anne Chang	Non-Executive Non-Independent Director

All Directors are aware of their fiduciary duties and exercise due diligence and independent judgement in ensuring that their decisions are objective and in the best interests of the Company. Directors who face conflicts of interest are to disclose their interests and voluntarily recuse themselves from discussions and decisions involving the issues of conflict.

A brief profile of each Director is set out on pages 5 to 7 of this Annual Report (“**AR**”). Apart from its statutory duties and responsibilities, the Board oversees management of the Company (the “**Management**”) and affairs of the Group and approves the Group’s corporate and strategic policies and direction. The Board considers the sustainability issues including environmental and social factors in the formulation of the Group’s strategies. The Board is also responsible for implementing policies in relation to financial matters, which include compliance, risk management, and internal controls to safeguard the shareholders’ interest and the Company’s assets.

The Board reviews the financial performance of the Group, approves investment proposals, and approves the nomination of Directors to the Board, as well as the appointment of key management personnel. Matters which are specifically reserved to the Board for decision and approval and communicated in writing to the Management, include, amongst others, any material acquisitions and disposals of assets, corporate or financial restructuring, share issuances and dividends, financial results, corporate strategies and major undertakings (other than in the ordinary course of business).

CORPORATE GOVERNANCE REPORT

Certain functions have been delegated to various Board Committees, namely, the Audit Committee (“AC”), Nominating Committee (“NC”) and Remuneration Committee (“RC”), which would make recommendations to the Board. The ultimate responsibility for the final decision on all matters lies with the entire Board. Each Board Committee is governed by its terms of reference which clearly sets out the authority and duties; and have been approved by the Board and plays an important role in ensuring good corporate governance in the Company and within the Group.

The Board meets at least once every half-year to discuss and review the strategic policies of the Group, significant business transactions, performance of the business and to approve the release of the half-year and full year results. Ad-hoc meetings are convened as and when warranted by particular circumstances. In addition to physical meetings, the Company’s Constitution allows Board meetings to be conducted by way of telephone conference, provided that the requisite quorum of at least two (2) directors is present.

In order to keep Directors abreast of the Group’s operations, the Directors are updated on initiatives and developments on the Group’s business as soon as practicable and during Board meetings. Management provided the Board with management accounts on a half-yearly basis, as well as relevant background information and documents relating to items of business to be discussed at a Board meeting before the scheduled meeting. Sufficient time is allocated at Board meetings for Management to address any queries from Directors so as to enable meaningful discussions and deliberations.

Although all the Directors have equal responsibility for the performance of the Group, the role of the Independent Directors is particularly important in ensuring that the strategies proposed by the executive Management are fully discussed and take account of the long-term interests, not only of the shareholders, but also of employees, customers, suppliers and the many communities in which the Group conducts business.

During the financial year from 1 January 2020 to 31 December 2020 (“FY2020”), the Board held various meetings and the attendance of each Director at every Board and Board Committee meeting is summarised as follows: –

	Board		Audit Committee		Nominating Committee		Remuneration Committee	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Dr John Chen Seow Phun	2	2	2	2 ⁽¹⁾	1	1 ⁽¹⁾	1	1 ⁽¹⁾
Lee Tong Soon	2	2	2	2 ⁽¹⁾	1	1 ⁽¹⁾	1	1 ⁽¹⁾
⁽²⁾ Kok Nyong Patt	1	1	1	1 ⁽¹⁾	1	1 ⁽¹⁾	1	1 ⁽¹⁾
⁽³⁾ Hoon Tai Meng	1	1	1	1	1	1	1	1
Foo Der Rong	2	2	2	2	1	1	1	1
Jo-Anne Chang	2	2	2	2	1	1	1	1
Ko Chuan Aun	2	2	2	2	1	1	1	1

⁽¹⁾ Attended the meeting as an invitee.

⁽²⁾ Mr Kok Nyong Patt retired at the AGM held on 28 May 2020 and appointed as Chief Operating Officer on 1 July 2020.

⁽³⁾ Mr Hoon Tai Meng retired at the AGM held on 28 May 2020 and ceased as Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee.

The Board also communicates from time to time through informal meetings and telephone conferences to discuss the Group’s strategies and businesses. All the Directors exercise due diligence and independent judgement; and are obliged to act in good faith and consider at all times the interest of the Company.

CORPORATE
GOVERNANCE REPORT

Newly appointed Director will undergo an orientation briefing to be familiar with the Group's business strategies, organisational structure and operations. From time to time, the Directors also receive further relevant information via email, particularly on applicable new laws, regulations and changing commercial risks which are relevant to the business and operations of the Group. The Directors are also updated on the business of the Group through meetings. Depending on specific requirements, new directors may be sent for trainings and/or seminars to acquaint them on director's duties and compliance with the relevant bodies of law and regulations in the performance of their duties. The costs of arranging and funding the trainings of the Directors will be borne by the Company. There was no new director appointed during the financial year ended 31 December 2020.

The Board has separate and independent access to the Management at all times. Requests for information are dealt with promptly by Management.

The appointment and cessation of the Company Secretaries are subject to the approval of the Board. Ms Chan Lai Yin serves as Company Secretary to the Company in place of Mr Chew Kok Liang.

The Board has separate and independent access to the Company Secretary, who provides the Board with regular updates on the requirements of the Companies Act and all the rules and regulations of the SGX-ST. The Company Secretary and/or her representative(s) attended all Board and Board Committees meetings and prepared minutes of Board and Board Committees. The Company Secretary and/or her representative(s) assist the Chairman to ensure that the Board procedures are followed and reviewed so that the Board functions effectively, and all rules and regulations applicable to the Company, including requirements of the Companies Act and the Listing Manual, are complied with.

Should the Directors need independent professional advice, the Company will, upon direction by the Board, appoint a professional advisor to render the advice, and the costs of such professional fees will be borne by the Company.

1.2 Board Composition and Guidance

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

Presently, the Board comprises two (2) Executive Directors, two (2) Independent Directors and one (1) Non-Executive Non-Independent Director. As the Chairman is not an Independent Director, the Board noted that pursuant to Provision 2.2 of the Code, the Code recommends for Independent Directors to make up a majority of the Board. Though the current composition is not in compliance with Provision 2.2 of the Code, the independence element is not compromised as the Independent Directors and Non-Executive Non-Independent Director form a majority of the Board and participate actively in board's deliberation. Non-Executive Directors make up a majority of the Board in compliance with Provision 2.3 of the Code. Nevertheless, the Board is also seeking suitable Independent Directors for appointment and ensuring that the composition of the Board is aligned with the development of the business operations.

The Board exercises objective and independent judgement on the Group's corporate affairs. No individual or group of individuals dominates the Board's decision-making process. In addition, the roles of Chairman and Managing Director are assumed by different persons.

The independence of each Director is reviewed annually by the NC. In its deliberation as to the independence of a Director, the NC adopts the Code's definition of what constitutes an Independent Director in its review and considered whether a Director had business relationship with the Group, its related corporations, its substantial shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interest of the Company and Group.

CORPORATE GOVERNANCE REPORT

According to the Code and Listing Rule, an independent director represents the minority shareholders and he is independent in conduct, character and able to exercise independent business judgement in the best interests of the Company and has no relationships with the Company, related corporations, its substantial shareholders or its officers. A Director will not be independent if he is employed by the Company or any of its related corporations for the current or any of the past 3 financial years or if he has any immediate family member who is employed by the Company or any of its related corporations for the past 3 financial years and whose remuneration is determined by the RC. The independence of each Director is reviewed annually by the NC which will also ensure that the size of the Board is appropriate to conduct effective discussions and decision making. No Director is involved in the deliberation in respect of his own independence. The Board is able to exercise independent judgement on corporate affairs and provide management with a diverse and objective perspective on issues. The Independent Directors have confirmed that they do not have any relationship with the Group, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgement with a view to the best interests of the Group.

The Board noted that Mr Foo Der Rong was appointed to the Board on 1 May 2012. For the purpose of rigorous review of directors serving more than 9 years in respect of the financial year ended 31 December 2020, the longest serving Independent Director in the Board, Mr Foo Der Rong reached 9 years term on 1 May 2021. Mr Foo Der Rong was not subject to rigorous review accorded to independent directors who serve more than 9 years. None of the Independent Directors has served on the Board beyond nine years from the date of his/her first appointment in respect of the review for FY2020. The Board is of the view that there is a good balance between the Executive and Non-Executive Directors and a strong and independent element on the Board.

The Board regularly examines its size, with a view to determining the impact of the number on effective decision-making. The composition of the Board and Board Committees are reviewed on an annual basis by the NC to ensure that the Board and Board Committees have the appropriate mix of expertise and experience and collectively possess the necessary core competence in business, investment, audit, accounting and tax matters for effective functioning and informed decision-making. There is an effective blend of skills, expertise and knowledge and other aspects of diversity such as gender age. The Board has always placed diversity as an agenda in strengthening the performance of the Board and its Board Committees.

When a vacancy arises under any circumstance, or where it is considered that the Board and Board Committees would benefit from the services of a new Director with particular skills, the NC, in consultation with the Board, will determine the selection criteria and select candidates with the appropriate expertise and experience for the position.

The Non-Executive Directors including the Independent Directors are encouraged to meet without the presence of the Management so as to facilitate a more effective check on Management.

1.3 Chairman and Managing Director

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

There is a clear separation of the roles and responsibilities of the Executive Chairman and Managing Director of the Group. The Executive Chairman, Dr John Chen Seow Phun ("**Dr Chen**"), and the Managing Director, Mr Lee Tong Soon ("**Mr Lee**"), are not related to each other, nor is there any business relationship between them.

Dr Chen oversees the business direction, long term strategic planning and the overall management and operations of the Group. Mr Lee is responsible for the Group's F&B business, and together with Dr Chen, exercise control over quality, quantity and timeliness of the flow of information between the Management and the Board; and assisting in ensuring compliance with the Company's guidelines on corporate governance, among others.

CORPORATE GOVERNANCE REPORT

The distinct separation of responsibilities between the Executive Chairman and the Managing Director ensures that there is a balance of power and authority, increased accountability and greater capacity of the Board for independent decision-making at the top of the Company.

The Executive Chairman leads the Board and is responsible for the effective working of the Board including:

- scheduling of meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties while not interfering with the flow of the Group's operations;
- preparing the meeting agenda (in consultation with the Managing Director) and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- ensuring that Board meetings are held when necessary;
- promoting a culture of openness and debate at the Board;
- facilitating contributions from the Non-Executive Directors and encouraging constructive relationships within the Board and Management;
- exercising control over the quality, quantity and timeliness of information flow to the Board, ensuring effective communication with the Company's shareholders;
- ensuring, fostering constructive and effective communication with shareholders;
- facilitating the effective contribution of Non-Executive Directors in particular; and
- encouraging high standards of corporate governance.

All major decisions made by the Executive Chairman and the Managing Director are reviewed by the respective Board Committees. The Board is of the view that this arrangement supports the accountability and capacity of the Board for independent decision making.

The Board has appointed Mr Foo Der Rong as the Lead Independent Director of the Company, who will be available to shareholders who have concerns and for which contact through the normal channels of communication with the Chairman or Management has failed to resolve or is inappropriate or inadequate. The Lead Independent Director also provides leadership in situation where the Chairman is conflicted.

1.4 Board Membership

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

The NC comprises three (3) members, a majority of whom are Independent Directors. The 3 members of the NC are Mr Foo Der Rong (“**Mr Foo**”), Mr Ko Chuan Aun, and Ms Jo-Anne Chang. The NC is chaired by Mr Foo, who is also the Lead Independent Director. Each member of the NC shall abstain from voting on any resolutions in respect of the assessment of his/her performance or re-nomination as Director. The NC Chairman is not associated with any substantial shareholder of the Company.

CORPORATE GOVERNANCE REPORT

The NC is regulated by a set of written terms of reference endorsed by the Board, setting out their duties and responsibilities. According to the terms of reference of the NC, the members of the NC perform the following functions: -

- (a) reviewing and making recommendations to the Board on the appointment of new Executive and Non-Executive Directors, including making recommendations on the composition of the Board generally and the balance between Executive and Non-Executive Directors appointed to the Board;
- (b) reviewing the Board structure, size and composition having regards to the scope and nature of the operations and the core competencies of the Directors as a group, and making recommendations to the Board with regards to any adjustments that are deemed necessary;
- (c) reviewing, assessing and recommending nominee(s) or candidate(s) for appointment or election to the Board, having regards to his/her qualifications, competency, other principal commitments and whether or not he/she is independent and in the case of a re-nomination, to his/her performance and contribution;
- (d) reviewing Board succession plans for Directors, in particular for the Executive Chairman and CEO/Managing Director and the progressive renewal of the Board;
- (e) annually, determining whether or not a Director is independent (taking into account the circumstances set out in the Code and other salient factors);
- (f) identifying and recommending the Directors who are retiring by rotation and to be put forward for re-election at each annual general meeting (“AGM”);
- (g) conducting rigorous review and determining whether an Independent Director who has served the Board for a period of nine (9) years since his/her date of appointment, can still remain independent;
- (h) developing a process for evaluation of the performance of the Board, its Board Committees and proposing objective performance criteria to enhance long-term shareholder value; and
- (i) reviewing training and professional development programs for the Board.

Summary of NC activities in 2020 as set out below:

- Reviewed structure, size and composition of the Board and Board Committees
- Reviewed independence of Directors.
- Reviewed and initiate process for evaluating Board, Board Committees and Chairman.
- Reviewed results of performance evaluation and feedback to the Chairman and Board Committees.
- Reviewed the need to progressive refreshing of the Board
- Reviewed succession planning for Chairman, CEO/Managing Director and key management personnel and notified the Board.
- Discussed information required to be reported under the 2018 Code or Listing Manual.

The Board and the NC do not encourage the appointment of Alternate Directors. The Company does not have an Alternate Director.

**CORPORATE
GOVERNANCE REPORT**

The NC reviews and makes recommendations to the Board on all nominations for appointments and re-appointments of Directors and Board Committees members having regard to their independence, qualifications, performance and contributions. The NC reviews and assesses candidates for directorships before making recommendations to the Board. In recommending new Directors to the Board, the NC takes into consideration the skills and experience required to support the Group's business activities, the current composition and size of the Board, and strives to ensure that the Board, as a whole, possesses the core competencies required by the Code. The potential candidate will go through a shortlisting process and thereafter, the NC sets up the interviews with the shortlisted candidates. A new Director can be appointed by way of a Board resolution, after the recommendation by the NC. A Director appointed by the Board will retire at the AGM following his appointment and is eligible for re-election at the AGM. In view of the foregoing, the Board is of the view that there are adequate processes for the appointment and re-appointment of Directors.

The Directors retiring by rotation pursuant to Regulation 107 of the Company's Constitution at the forthcoming AGM are Mr Foo Der Rong and Ms Jo-Anne Chang. Mr Foo Der Rong will not be seeking re-election as a director, having been appointed to the Board since 1 May 2012, and retire after the conclusion of the AGM. Ms Jo-Anne Chang had indicated intention to seek re-election at the forthcoming AGM. The NC has reviewed the performance and level of contribution of Ms Jo-Anne Chang and recommended her re-election at the forthcoming AGM. The Board had concurred with the NC and accepted the recommendation of the re-election of Ms Jo-Anne Chang as a director.

In making the recommendation, the NC had considered the Directors' overall contribution and performance.

The NC had reviewed the multiple listed company board representations held presently by the Directors and is of the opinion that they do not impede the Directors' performance in carrying out their duties to the Company. Although some of the Board members have multiple listed company board representations, the NC had ascertained that for the period under review, the Directors had devoted sufficient time and attention to the Group's affairs. Further, the Board is also of the view that such multiple listed company board representations of the Independent Directors may benefit the Group, as the Directors are able to bring with them the experience and knowledge obtained from such board representations in other listed companies. Accordingly, it is not necessary at this stage to set a maximum limit on the number of listed company board representations and other principal commitments but would assess each Director on a case by case basis.

The Board, taking into account the nature of operations of the Company and the recommendation of the NC, considers Mr Foo Der Rong and Mr Ko Chuan Aun to be independent in character and judgement and of sufficient caliber and their views to be of sufficient weight. No individual or small group dominates the Board's decision-making processes. The Independent Directors have no financial or contractual interests in the Group other than by way of their fees as set out in the financial statements.

The NC and the Board are of the view that its current size meets the needs for quick and effective decision-making and their combined diversity and wealth of experience enable them to contribute positively to the strategic growth and governance of the Group.

Key information regarding the Directors' academic and professional qualifications and other appointments are set out on pages 107 to 114 of this AR.

CORPORATE GOVERNANCE REPORT

1.5 Board Performance

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

The NC examines its size to satisfy that it is appropriate for, effective decision making, taking into account the nature and scope of the Company's operations.

For the financial year under review, the NC had evaluated the performance of the Board as a whole and its Board Committees as well as contribution of the Chairman. The assessment process adopted both quantitative and qualitative criteria, such as the outcome of the strategic and long-term objectives set by the Board and the effectiveness of the Board and Board Committees in monitoring Management's performance against the goals that had been set by the Board. The NC had decided that the Directors will not be evaluated individually but factors taken into consideration for the re-nomination are the extent of their attendance, participation and contribution in the proceedings of the meetings.

Evaluation of the effectiveness of the Board and Board Committees, led by the NC, is conducted by means of a confidential questionnaire designed to assess the state of affairs of corporate governance matters in the Company. The questionnaire is completed by each Director to elicit his/her individual input. The Directors' inputs are collated and reviewed by the NC. Areas where the performance and effectiveness could be enhanced and recommendations for improvement are then submitted to the Board for discussion and implementation.

The NC had ascertained that the Board and Board Committees had contributed effectively and had demonstrated full commitment to their role. Each member of the NC abstains from deliberation on his performance or re-nomination as Director.

No external facilitator had been engaged by the Board during the year.

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Key information regarding the directors of the Company are as follows: -

Name of Director	John Chen Seow Phun
Age	67
Country of principal residence	Singapore
Date of first appointment as director	13 December 2001
Date of re-designated as Executive Chairman	1 May 2012
Date of last re-election as director	25 April 2019
The Board's comments on the re-election	Not applicable, Dr Chen is not due for re-election.
Job Title	Executive Chairman
Board Committees Served	None
Professional qualifications	Dr Chen holds a PhD in Electrical Engineering from the University of Waterloo, Canada.
Shareholding in the Company and its subsidiaries (as at 16 March 2020)	<p><u>The Company</u> 23,163,525 Shares Dr Chen is deemed to be interested in 22,252,725 Shares held by Unigold Asia Limited and 62,500 Shares held by his spouse. He is also the beneficial owner of 848,300 Shares held by DBS Nominees (Private) Limited.</p> <p><u>Subsidiaries of the Group</u> Nil</p>
Principal Commitments including Directorships	<p><u>Past Directorships</u> National University Health System Pte Ltd</p> <p><u>Present Directorships</u> JCL Business Development Pte Ltd Unigold Asia Limited OKP Holdings Limited Hiap Seng Engineering Ltd Hanwell Holdings Ltd Matex International Limited SAC Capital Private Limited Tat Seng Packaging Group Ltd Hong Lai Huat Group Limited Fu Yu Corporation Limited JLM Foundation Ltd SAC Advisors Pte Ltd Pavillon Financial Leasing Co., Ltd. Pavillon Business Development (Shanghai) Co. Ltd. Fengchi IOT Management Co., Ltd.</p> <p><u>Other Principal Commitments</u> Nil</p>
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of Interest (including any competing business)	None

CORPORATE GOVERNANCE REPORT

Name of Director	Lee Tong Soon
Age	62
Country of principal residence	Singapore
Date of first appointment as director	15 November 1999
Date of last re-election as director	25 April 2019
The Board's comments on the re-election	Not applicable, Mr Lee is not due for re-election.
Job Title	Managing Director
Board Committees Served	None
Professional qualifications	Mr Lee holds a Bachelor Degree in Arts and Social Science from the National University of Singapore.
Shareholding in the Company and its subsidiaries (as at 16 March 2020)	<p><u>The Company</u> 24,135,526 Shares Mr Lee is also deemed interested in 12,500 Shares held by his daughter.</p> <p><u>Subsidiaries of the Group</u> Nil</p>
Principal Commitments including Directorships	<p><u>Past Directorships</u> Thai Village (China) Pte. Ltd. Shanghai Thai Village Restaurant Management Co., Ltd. Thai Village Restaurant (Shanghai) Co., Ltd. Tianjin Pavillon Asset Management Co., Ltd. Fengchi Real Estate Sdn. Bhd.</p> <p><u>Present Directorships</u> Thai Village Restaurant Pte Ltd. Thai Village Pte Ltd. Pavillon Financial Leasing Co., Ltd. Pavillon Business Development (Shanghai) Co., Ltd. State Research Pavillon Financial Leasing Co., Ltd. Pavillon Financial Leasing Co., Ltd.</p> <p><u>Other Principal Commitments</u> Nil</p>
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of Interest (including any competing business)	None

CORPORATE
GOVERNANCE REPORT

Name of Director	Foo Der Rong
Age	68
Country of principal residence	Singapore
Date of first appointment as director	1 May 2012
Date of last re-election as director	25 April 2019 Due for retirement and not seeking re-election at the forthcoming AGM .
The Board's comments on the re-election	Mr Foo will retire as a director at the conclusion of the AGM.
Job Title	Lead Independent Director, Chairman of Nominating Committee and Remuneration Committee and a member of Audit Committee
Board Committees Served	Chairman of Nominating Committee Chairman of Remuneration Committee Member of Audit Committee
Professional qualifications	Mr Foo holds a Bachelor of Commerce from the then Nanyang University.
Shareholding in the Company and its subsidiaries (as at 16 March 2020)	<u>The Company</u> Nil <u>Subsidiaries of the Group</u> Nil

CORPORATE GOVERNANCE REPORT

Principal Commitments including Directorships

Past Directorships

INTRACO Limited
Tat Hong Intraco Pte. Ltd.
Tat Hong Intraco Heavy Equipment Co., Ltd.
K.A. Building Construction Pte. Ltd.
K.A. Fabric Shutters Pte. Ltd.
K.A. FireLite Pte. Ltd.
K.A. Fireproofing Pte. Ltd.
K.A. Firespray Sdn. Bhd.
K.A. Group Holdings Pte. Ltd.

Present Directorships

Southern Lion Sdn. Bhd.
Tian International Pte. Ltd.
Matex International Ltd.
Noel Gifts International Ltd.
SLB Development Ltd.

Other Principal Commitments

Nil

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries

None

Conflict of Interest (including any competing business)

None

CORPORATE
GOVERNANCE REPORT

Name of Director	Ko Chuan Aun
Age	64
Country of principal residence	Singapore
Date of first appointment as director	25 July 2016
Date of last re-election as director	28 May 2020
The Board's comments on the re-election	Not applicable, Mr Ko is not due for re-election.
Job Title	Independent Director, Chairman of Audit Committee and member of Remuneration Committee and Nominating Committee
Board Committees Served	Chairman of Audit Committee Member of Remuneration Committee Member of Nominating Committee
Professional qualifications	Mr Ko holds a Diploma in Export Marketing, which is equivalent to Danish Niels Brock International Business Degree Program.
Shareholding in the Company and its subsidiaries (as at 16 March 2020)	<u>The Company</u> Nil <u>Subsidiaries of the Group</u> Nil

CORPORATE GOVERNANCE REPORT

Principal Commitments including Directorships

Past Directorships

Starbridge Pte. Ltd.
 Star Ridge Holdings Pte. Ltd.
 Homely Holdings Pte. Ltd.
 Smartview Singapore Pte. Ltd.
 TCM Lifestyle Holdings Pte. Ltd.
 Homely Hardware Pte. Ltd.
 Brothers (Holdings) Limited
 Star Route Pte. Ltd.
 Athena Corporation Pte. Ltd.
 Belleware Cosmetics Pte. Ltd.
 Global Vantage Innovative Group Pte. Ltd.
 KOP Limited
 Super Group Ltd.
 San Teh Limited

Present Directorships

HSK Resources Pte. Ltd.
 Lian Beng Group Ltd.
 Koon Holdings Limited
 Singapore Koh Clan Association Ltd.
 KSH Holdings Ltd.

Other Principal Commitments

Nil

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries

None

Conflict of Interest (including any competing business)

None

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GOVERNANCE REPORT

Name of Director	Jo-Anne Chang
Age	47
Country of principal residence	Singapore
Date of first appointment as director	1 September 2014
Date of last re-election as director	25 April 2018 Due for retirement and sought re-election at the forthcoming AGM .
The Board's comments on the re-election	The Board of Directors of the Company had accepted and approved the NC's recommendation, who has reviewed and considered Ms Chang's contribution and performance as a Non-Executive Non-Independent Director of the Company.
Job Title	Non-Executive Non-Independent Director
Board Committees Served	None
Professional qualifications	Ms Chang holds a Bachelor of Laws (LLB) and a Master of Laws (LLM) from King's College, University of London, and is a Barrister-at-Law at Lincoln's Inn, London. Ms Chang also holds a Master of Business Administration (MBA) from the New York University Leonard N. Stern School of Business.
Shareholding in the Company and its subsidiaries (as at 20 March 2019)	<u>The Company</u> 40,000,000 Shares Ms Chang is deemed to be interested in 40,000,000 Shares held by Rossbay Private Limited. <u>Subsidiaries of the Group</u> Nil

CORPORATE GOVERNANCE REPORT

Principal Commitments including Directorships

Past Directorships Nil

Present Directorships

Rossbay Private Limited
Pure Accord Sdn. Bhd.
Pure Oasis Sdn. Bhd.
Attractive Heritage Sdn. Bhd.
Gingerflower Boutique Hotel Sdn. Bhd.
Dalaston Limited
Urban Townhouse Sdn. Bhd.
Alford Associates Limited
Heeren Palm Suites Sdn. Bhd.
Heeren Straits Hotel Sdn. Bhd.
Thrive Charm Sdn. Bhd.
Chytron Company Limited

Other Principal Commitments Nil

Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries

None

Conflict of Interest (including any competing business)

None

Notes:

The Company had procured the undertaking of the Directors in the formal set out in Appendix 7.7 under Listing Rule 720(1) of the SGX-ST.

The Directors who are subject to re-election had responded negative to items (a) to (k) listed in Appendix 7.4.1 (Announcement of Appointment) of the Listing Manual of the SGX-ST ("**Listing Manual**").

CORPORATE
GOVERNANCE REPORT**2. REMUNERATION MATTERS****2.1 Procedures for Developing Remuneration Policies**

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

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance and attract, retain and motivate directors and key management personnel.

The RC comprises three (3) members, majority of whom are Independent Directors. The 3 members of the RC are Mr Foo Der Rong, Mr Ko Chuan Aun and Ms Jo-Anne Chang. The Chairman of the RC is Mr Foo who is also the Lead ID. Each member of the RC abstained from voting on any resolutions in respect of his/her remuneration.

The RC is regulated by a set of written terms of reference endorsed by the Board, setting out their duties and responsibilities. Amongst the terms of reference of the RC, the members of the RC perform the following functions: -

- (a) reviewing and recommending to the Board, a general framework of remuneration for the Board and key management personnel and the specific remuneration packages and terms of employment (where applicable) for each Director and key management personnel;
- (b) reviewing and recommending to the Board, share option scheme, share award plans or any long-term incentive schemes which may be set up from time to time, reviewing whether Directors or key management personnel should be eligible for such schemes and evaluating the costs and benefits of such scheme;
- (c) ensuring all aspects of remuneration including but not limited to Director's fees, salaries, allowances, bonuses, options, share based incentives and awards, and benefits-in-kind are covered;
- (d) determining the specific remuneration package and service contracts/terms of employment for each Director and key management personnel;
- (e) considering the eligibility of Directors for participation under long-term incentive schemes;
- (f) considering and making recommendations to the Board concerning the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration, and details of the specific remuneration packages of the Directors and key management personnel of the Company to those required by law or by the Code; and
- (g) considering the obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of services, to ensure that such contracts of services contain fair and reasonable termination clauses which are not overly onerous.

In discharging its functions, the RC may obtain independent external legal and other professional advice as it deems necessary. The expenses of such advice shall be borne by the Company.

No Director or member of the RC shall be involved in deciding his own remuneration, except for providing information and documents specifically requested by the RC to assist it in its deliberations. No Director will be involved in determining his/her own remuneration.

CORPORATE GOVERNANCE REPORT

2.2 Level and Mix of Remuneration

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

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors.

The Company has entered into service agreements with each of its Executive Directors. According to the respective service agreements of the Executive Directors: –

- (a) the term of service is for a period of three (3) years and is subject to review thereafter;
- (b) the remuneration includes, amongst others, a fixed salary, fees, a variable performance bonus, which is designed to align the Executive Directors' interests with that of the Shareholders; and
- (c) there are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the Executive Director.

The Independent and Non-Executive Directors do not have any service agreements with the Company and they receive Directors' fees, in accordance with their level of contributions, taking into account factors such as effort and time spent, and responsibilities of the Directors. The Company recognises the need to pay competitive fees to attract, motivate and retain Directors without being excessive to the extent that their independence might be compromised. Save for Directors' fees, which have to be submitted for endorsement by the Board (with non-executive directors abstained) and approved by the Shareholders at every AGM. The Independent and Non-Executive Directors do not receive any remuneration from the Company.

The Company sets remuneration packages, which are competitive and sufficient to attract, retain and motivate Directors and key management personnel with adequate experience and expertise to manage the business and operations of the Group.

As recommended in the Code that provision be made in allowing the Company to reclaim incentive components of remuneration from the executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss of the Company, the RC has taken steps to incorporate the claw back provision into their respective service agreements and employment contracts.

2.3 Disclosure on Remuneration

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

CORPORATE
GOVERNANCE REPORT

The remuneration paid to the Directors for services rendered for FY2020 are as follows: -

Directors

	Salary	Fee	Bonus	Other benefits	Total
	%	%	%	%	%
Directors					
Between S\$500,000 and S\$749,000					
Lee Tong Soon	78.2	-	6.2	15.6	100
Chen Seow Phun, John	76.8	-	5.6	17.6	100
Below S\$250,000					
Kok Nyong Patt ⁽¹⁾	77.6	-	1.2	21.2	100
Hoon Tai Meng ⁽²⁾	-	100	-	-	100
Foo Der Rong	-	100	-	-	100
Ko Chuan Aun	-	100	-	-	100
Jo-Anne Chang	-	100	-	-	100

Key management personnel

The remuneration paid to key management personnel for services rendered for FY2020 are as follows: -

	Salary	Fee	Bonus	Other benefits	Total
	%	%	%	%	%
Key Management Personnel					
Between S\$250,000 and S\$499,000					
Kok Nyong Patt ⁽¹⁾	69.6	-	9.4	21.0	100
Zheng Fengwen	91.7	-	5.4	2.9	100
Below S\$250,000					
Oh Kok Thai	81.9	-	7.0	11.1	100
Loh Beng Kiat	81.4	-	7.0	11.6	100
Hau Ee Boon	81.9	-	5.9	12.2	100

⁽¹⁾ Remuneration paid to Mr Kok Nyong Patt as Executive Director of the Company for the period from 1 January 2020 to 28 May 2020. Mr Kok Nyong Patt received remuneration as Chief Operating Officer since his appointment on 1 July 2020.

⁽²⁾ Remuneration paid to Mr Hoon Tai Meng as Independent Director of the Company for the period from 1 January 2020 to 28 May 2020.

CORPORATE GOVERNANCE REPORT

The Board believes that it is in the best interest of the Company and the Group to disclose the Directors' remuneration in bands of S\$250,000 rather in full, due to its confidentiality and sensitivity of remuneration packages. The Company also decided not to disclose aggregate remuneration of the top five (5) key management personnel in dollars terms because of its confidentiality and the Company's concern over poaching of these key management personnel by competitors in a highly competitive industry.

There is no employee of the Group who is immediate family members of any Director or the CEO and whose remuneration exceeded S\$100,000 during FY2020.

The RC had recommended Directors' fees of S\$162,000 for the financial year ending 31 December 2021 for the Directors, which will be tabled by the Board at the forthcoming AGM for Shareholders' approval.

The Company currently does not have any employee share option scheme.

Summary of RC activities in 2020

- Reviewed and approved fixed remuneration, total cash remuneration and total remuneration for executives.
- Reviewed remuneration packages of employees in the Group which includes salary adjustments and bonus
- Reviewed remuneration package of the Executive Chairman and Managing Director which includes salary and profit sharing bonus.

3. ACCOUNTABILITY AND AUDIT

3.1 Risk Management and Internal Controls

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

The Board recognizes that it is responsible for the overall internal control framework, but accepts that no cost effective internal control system will preclude all errors and irregularities, as the system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The AC will: -

- satisfy itself that adequate measures are in place to identify and mitigate any material business risks associated with the Group;
- ensure that a review of the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls and risk management systems, is conducted at least annually. Such review can be carried out by internal auditors/independent auditors;
- ensure that the internal control and risk management systems recommendations made by internal auditor and independent auditor have been implemented by the Management; and
- ensure the Board is in a position to comment on the adequacy and effectiveness of the internal controls and risk management systems of the Group.

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Together with the reports from the internal and independent auditors and management representation letters, the AC also carries out assessment of the adequacy and effectiveness of key internal controls during the year. Any material non-compliance or weaknesses internal controls or recommendations from the internal auditor and independent auditor to further improve the internal controls and risk management systems were reported to the AC. The AC will also follow up on the actions taken by the Management on the recommendations made by the internal and independent auditors.

The Board has received assurance from the Executive Chairman, the Managing Director and Financial Controller: –

- (a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) regarding the adequacy and effectiveness of the Company's risk management and internal control systems (including financial, operational, compliance and information technology).

The Directors have received and considered the confirmations in accordance with Rule 705(5) of the Listing Manual from the Managing Director, the Financial Controller and senior management of the subsidiaries in relation to the financial information for the year.

Based on the various management controls put in place and the reports from the internal and independent auditors, reviews and confirmations by the Management, the Board is satisfied that the system of internal controls addressing financial, operational, compliance and information technology controls, and risk management systems during the year are adequate and effective to safeguard the assets and ensure the integrity of financial statements. The AC concurred with the Board's comments on the adequacy and effectiveness of internal controls (including financial, operational, compliance and information technology) and risk management systems. The Management continues to focus on improving the standard of internal controls and corporate governance.

3.2 Audit Committee

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

The AC comprises three (3) members, a majority are Independent Directors. The 3 members of the AC are Mr Ko Chuan Aun, Mr Foo Der Rong and Ms Jo-Anne Chang. The Chairman of the AC is Mr Ko. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he is interested.

The Board is of the view that the members of the AC including the AC Chairman are appropriately qualified in that they have recent and relevant accounting or related financial management expertise and experiences to discharge the AC's function and responsibilities.

The AC comprises of members who have sufficient experience in finance, legal and business fields. None of the AC members was a former partner or director of the Company's existing auditing firm, (a) within a period of two years commencing on the date of their ceasing to be a partner or director of the auditing firm; and (b) for as long as they have any financial interest in the auditing firm. The Board is of the view that the AC has sufficient financial management expertise and experience to discharge the AC's functions.

The AC assists the Board in discharging their responsibility to safeguard the Group's assets, maintain adequate accounting records, and in developing and maintaining effective systems of risk management and internal control. In addition, the AC reviews and reports to the Board at least annually the adequacy and effectiveness of the Company's internal controls including financial, operational, compliance and information technology controls, and risk management systems.

CORPORATE GOVERNANCE REPORT

The AC performs the functions specified by the Companies Act, the Listing Manual and the Code and assists the Board in the execution of its corporate governance responsibilities within its established terms of reference.

The AC has adopted written terms of reference. According to the written terms of reference, the AC has the authority to undertake such reviews and projects as it may consider appropriate in the discharge of its duties. The AC has full access to and the co-operation of the Management. The AC may invite any Director or key management personnel to attend its meetings and has reasonable resources to enable it to perform its functions. The internal and independent auditors have direct and unrestricted access to the Chairman of the AC and the Chairman of the Board.

In FY2020, the AC met at least twice a year and also held informal meetings and discussions with Management from time to time. Details of the members' attendance at AC meetings in FY2020 are provided in Section 1.1 of this corporate governance report.

The AC performed the following functions in FY2020: -

(a) Independent Auditors

In the course of their audit, the independent auditors have reviewed the financial controls in areas which could have a material impact on the financial statements with an aim to ensure that these are adequate for the financial statements' attestation purpose. They have reported their observations and made recommendations for improvement to the AC. The AC has also reviewed the report and ensures that Management has taken appropriate actions.

For FY2020, the AC reviewed together with the auditors: -

- (i) the audit plan (including, among others, the nature and scope of the audit before the audit commenced and the risk management systems issues of the Group);
- (ii) their evaluation of the financial controls in areas which could have a material impact on the financial statements;
- (iii) their auditors' report;
- (iv) the assistance given to them by the Company's officers;
- (v) the consolidated statement of financial position and income statement of the Company; and
- (vi) the interested person transactions of the Group.

The auditors confirmed that the non-audit services provided to the Group in FY2020 is S\$18,500 which is below 50% of audit fees, and the AC is of the opinion that the auditors' independence has not been compromised. The aggregate audit fees paid and payable to the auditors, Messrs Nexia TS Public Accounting Corporation in FY2020 is S\$135,000.

The AC had evaluated the performance of the independent auditors based on the key indicators of audit quality set out in the Guidance to Audit Committees on Evaluation of Quality of Work performed by External Auditors, such as performance, adequacy of resources and experience of their audit engagement partner and auditing team assigned to the Group's audit, the size and complexity of the Group.

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The AC had also evaluated the independent auditors based on the eight (8) Audit Quality Indicators at engagement and/or firm-level.

The AC has reviewed the key audit matters disclosed in the independent auditors' report and is of the view that there is no material inconsistency between the audit procedures adopted by the independent auditors and the Management's assumptions and estimates and is satisfied that the key audit matters have been properly dealt with.

The AC shall continue to monitor the scope and results of the independent audit, its cost effectiveness and the independence and objectivity of the independent auditors and give its recommendations to the Board and the Company regarding the appointment, re-appointment or removal of the independent auditors. The Group has appointed different independent auditors for its significant associated companies. The AC is satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group. The Company confirmed that Rule 712, Rule 715 and Rule 716 of the Listing Manual have been complied with. Accordingly, the AC recommended to the Board, the nomination of the independent auditors of the Company for re-appointment at the forthcoming AGM.

The AC has met up with the independent auditors together with the internal auditors without the presence of Management in FY2020.

(b) Review of financial statements

For FY2020, the AC reviewed the half-year and full year financial statements of the Company and of the Group, including announcements relating thereto, to the Shareholders and the SGX-ST. The AC also reviewed the assurance from the Managing Director and Financial Controller on the financial records and financial statements.

(c) Review of interested person transactions

The AC has reviewed interested person transactions of the Group for FY2020 and reported its findings to the Board, if any. Please refer to page 125 of the AR for further details on the interested person transactions of the Group for FY2020.

The AC has put in place a whistleblowing policy and procedures to provide employees with well-defined and accessible channels within the Group for reporting suspected fraud, corruption, dishonest practices, or similar matters or raise concerns about possible improprieties in matters of financial reporting or other matters and ensure that arrangements are in place for the independent investigations of such matters and for appropriate follow up actions.

The aim of the policy is to encourage the reporting of such matters in good faith and with confidence that employees making such reports will be treated fairly and to the extent possible, be protected from repulse. Where appropriate, an independent third party may be appointed to assist in the investigation.

The AC has not received any complaints as at the date of the AR.

In addition to the activities undertaken to fulfill its responsibilities, the AC is kept abreast by the Management, external and independent auditors on changes of accounting standards, stock exchange rules and other codes and regulations which could have an impact on the Group's business and financial statements.

CORPORATE GOVERNANCE REPORT

In FY2020, the Company has outsourced its internal audit function to a professional firm Messrs Mazars LLP. The internal auditor reports directly to the AC on audit matters and to the Chairman and Managing Director on administrative matters. The main objective of the internal audit function is to assist the Group in evaluating and assessing the effectiveness of internal controls and consequently to highlight the areas where control weaknesses exist, if any, and thus improvements could be made. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel including the AC. The Company continues to work with the internal auditor to identify other scope of work which will help to further enhance the robustness of the Company's internal controls.

The AC has reviewed the adequacy of the internal audit function annually and ensured that the internal audit function is independent, effective, adequately resourced and has appropriate standing within the Company. The AC has met with the internal auditors, without the presence of Management, at least once a year.

The internal auditor follows closely the standards set by nationally or internationally recognised professional bodies including the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

The Board acknowledges that it is responsible for the overall internal control framework but notes that no system of internal control could provide absolute assurance against all irregularities.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

4.1 Shareholders Rights and Conduct of General Meetings

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

4.2 Engagement with Shareholders

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

The Company treats all the Shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights. Furthermore, the Company continually reviews and updates such governance arrangement. Shareholders are informed of changes in the Company's businesses that are likely to materially affect the value of the Company's shares.

In line with the continuous obligations of the Company pursuant to the Listing Manual, the Board's policy is that all the Shareholders should be equally informed of all major developments impacting the Group.

The Company recognises that effective communication can highlight transparency and enhance accountability to the Shareholders. The Company provides information to the Shareholders via SGXNet announcements and news releases. The Company ensures that price-sensitive information is publicly released, and is announced on an immediate basis where required under the SGX-ST's rules. Where an immediate announcement is not possible, the announcement is made as soon as possible to ensure that the Shareholders and the public have fair access to the information.

**CORPORATE
GOVERNANCE REPORT**

The Company does not practice selective disclosure. Price-sensitive information is first publicly released before the Company meets with any group of investors or analysts. Results and AR are announced and issued within the mandatory period. The Company does not employ any investor relations personnel; however, the Executive Directors and key management personnel are always available by email or telephone to answer questions from the Shareholders and the media as long as the information requested does not conflict with SGX-ST's rules of fair disclosure.

Presently, the Company does not have an investor policy or protocol in place nor a dedicated investor relations team. The Company will assess the need to establish an investor policy or protocol or investor relations team as and when it deems necessary.

All the Shareholders will receive the AR and/or circular and the notice of the AGM and/or extraordinary general meeting within the notice period prescribed by the regulations. The notice is also advertised in a local newspaper and made available on SGXNet. The Company encourages the Shareholders' participation effectively in and vote at general meetings and all the Shareholders are given the opportunity to voice their views and to direct queries regarding the Group to Directors, including the chairman of each of the Board Committees.

All Directors, including the Chairman of the AC, NC and RC will be present at the general meetings to address the Shareholders' queries. Independent Auditors will also be present at such meeting to assist the Directors to address any relevant queries from the Shareholders, if necessary. Due to the current COVID-19 situation, the AGM held in May 2020 was held by electronic means in accordance with the COVID-19 (Temporary Measures) Act 2020. Physical attendance at the AGM was disallowed.

The Company welcomes active Shareholder participation at the general meetings. It believes that a general meeting serves as an opportune forum for the Shareholders to meet the Board and key management personnel and to communicate their views. To facilitate attendance of the Shareholders at the general meetings, the Company has always preferred holding the meetings at the city area at a location which is near to the bus or MRT stations. Despite the unprecedented COVID-19 situation, shareholders can submit questions relating to the items on the AGM agenda before the stipulated deadline. The Company had addressed and replied the substantial and relevant questions relating to the resolutions tabled at the AGM or the Company's businesses and operations. Responses were published on both the Company's corporate website and on SGXNet on 27 May 2020, i.e. prior to the AGM.

Shareholders have the opportunity to participate effectively and to vote in general meetings either in person or by proxy. Resolutions on each distinct issue are tabled separately at general meetings. The Company has implemented the system of voting by poll on all resolutions tabled at its general meetings. Results of each resolution put to poll at the general meetings will be announced with details of percentages in favour and against. The Company's Constitution allows corporations and members of the Company to appoint one (1) or two (2) proxies to attend and vote at general meetings. A Relevant Intermediary¹ may appoint more than two (2) proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified). An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investor") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting. The independent auditors are also present to assist the Directors in addressing any relevant queries from the Shareholders.

CORPORATE GOVERNANCE REPORT

Shareholders had cast their votes for or against or abstain in respect of each resolution at the AGM held on 28 May 2020 by appointing the Chairman as proxy to vote on their behalf at the AGM conducted by electronic means pursuant to the COVID-19 (Temporary Measures) Act 2020.

The Company Secretary prepare minutes of general meetings and these minutes are subsequently reviewed and approved by the Board. Minutes of the AGM has been published at the SGXNET on 25 June 2020.

The Company currently does not have a dividend policy. The form, frequency and amount of dividend declared each year will take into consideration the Group's profit growth, cash position, positive cash flows generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

¹ A Relevant Intermediary is:

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

5. MANAGING STAKEHOLDER RELATIONSHIPS

5.1 Engagement with Stakeholders

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

The Board identifies its key stakeholder groups and determines the Group's values and standards including ethical standards to ensure that obligations to its stakeholders are understood and met.

The Company is committed to maintain and improve its level of corporate transparency of financial results and other pertinent information. Other than announcements made via SGXNet in accordance with the requirements of the Listing Manual, the Shareholders and Stakeholders can access more information of the Company and the Corporate Profile of the Company from the Company's website www.thaivillagerestaurant.com.sg.

The Board also regards sustainability development as a core value of the Group and is committed to adopting sustainable practices across its businesses. The Sustainability Report for FYE 2020 to keep stakeholders informed on the Group's business and operations will be made via SGXNET and published on the Company's website at www.thaivillagerestaurant.com.sg by end of May 2021.

**CORPORATE
GOVERNANCE REPORT****Dealings In Securities**

The Company has complied with Rule 1207(19) of the Listing Manual in relation to the best practices on dealings in the securities:-

- (a) The Company had devised and adopted its own internal compliance code to provide guidance to its officers with regards to dealings by the Company and its officers in its securities;
- (b) Officers of the Company are reminded not to deal in the Company's securities on short-term considerations; and
- (c) The Company and its officers must not deal in the Company's shares (i) during the periods commencing one (1) month before the announcement of the Company's half-year and full year financial statements, ending on the date of the announcement of the relevant results, and (ii) if they are in possession of unpublished price-sensitive information of the Group.

Directors and key management personnel are also expected to observe insider-trading laws at all times even when dealing with securities within the permitted trading period.

Material Contracts

(Listing Manual Rule 1207(8))

Other than disclosed in the audited financial statements and the service agreements between the Executive Directors and the Company, there was no material contracts to which the Company or any of its subsidiary is a party and which involve the Directors and controlling shareholders' interests subsisted at the end of the financial year, or have been entered into since the end of the previous year.

Interested Person Transactions

(Listing Manual Rule 907)

Save as disclosed in the financial statements, there was no interested person transactions with aggregate value of S\$100,000 or more for the FY2020.

STATISTICS OF SHAREHOLDINGS

AS AT 17 MARCH 2021

STATISTICS OF SHAREHOLDERS AS AT 17 MARCH 2021

Total number of issued shares excluding treasury shares and subsidiary holdings	-	387,748,700
Number of treasury shares held	-	NIL
Number of subsidiary holdings held	-	NIL
Class of Shares	-	Ordinary shares
Voting Rights	-	One Vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	15	0.86	707	0.00
100 – 1,000	154	8.78	87,406	0.02
1,001 – 10,000	610	34.80	2,274,575	0.59
10,001 – 1,000,000	956	54.53	78,109,986	20.14
1,000,001 AND ABOVE	18	1.03	307,276,026	79.25
TOTAL	1,753	100.00	387,748,700	100.00

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UOB KAY HIAN PTE LTD	101,788,750	26.25
2	ROSSBAY PRIVATE LIMITED	40,000,000	10.32
3	SINGAPORE ENTERPRISES PTE LTD	38,700,000	9.98
4	CITIBANK NOMINEES SINGAPORE PTE LTD	29,836,650	7.69
5	KOK NYONG PATT	25,027,725	6.45
6	LEE TONG SOON	24,135,526	6.22
7	UNIGOLD ASIA LIMITED	22,252,725	5.74
8	DBS NOMINEES PTE LTD	5,952,850	1.54
9	CHAN I-HARN ALVIN (CHEN YIHAN ALVIN)	3,032,000	0.78
10	TEO KOK LEONG	2,852,000	0.74
11	LEE SZE KIAN	2,591,800	0.67
12	PHILLIP SECURITIES PTE LTD	2,499,850	0.64
13	CHEN LIPING	1,806,000	0.47
14	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,584,750	0.41
15	ANG YU SENG	1,554,500	0.40
16	CHUA YEW CHYE	1,400,000	0.36
17	LIM KIM SOON	1,199,900	0.31
18	CHAN TIAN HOE	1,061,000	0.27
19	CHUA YUE PENG	1,000,000	0.26
20	TAN CHEOK MENG	1,000,000	0.26
	TOTAL	309,276,026	79.76

STATISTICS OF SHAREHOLDINGS

SHAREHOLDING INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2021

(As recorded in the Register of Substantial Shareholders)

No.	Name of Shareholder	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	UOB Kay Hian Pte Ltd	100,000,000	25.79	-	-
2.	Sunlead Evergrowing Capital Co. Limited ⁽¹⁾	-	-	100,000,000	25.79
3.	Xu Cai Kui ⁽²⁾	-	-	100,000,000	25.79
4.	Zheng Fengwen ⁽³⁾	-	-	100,000,000	25.79
5.	Rossbay Private Limited	40,000,000	10.32	-	-
6.	Heng Chin Ngor Doris ⁽⁴⁾	-	-	40,000,000	10.32
7.	Jo-Anne Chang ⁽⁵⁾	-	-	40,000,000	10.32
8.	Singapore Enterprises Pte Ltd	38,700,000	9.98	-	-
9.	Teo Kiang Ang	28,617,400	7.38	-	-
10.	Kok Nyong Patt	25,027,725	6.45	-	-
11.	Lee Tong Soon ⁽⁶⁾	24,135,526	6.22	12,500	0.01
12.	Unigold Asia Limited	22,252,725	5.74	-	-
13.	John Chen Seow Phun ⁽⁷⁾	-	-	23,163,525	5.97

Notes:-

- (1) Sunlead Evergrowing Capital Co., Limited is the beneficial owner of 100,000,000 shares held by UOB Kay Hian Pte Ltd.
- (2) Mdm Xu Cai Kui is deemed to be interested in 100,000,000 shares in the capital of the Company which are held by Sunlead Evergrowing Capital Co. Limited pursuant to Section 7 of the Companies Act, Chapter 50 of Singapore by virtue of her being a shareholder of Sunlead Evergrowing Capital Co. Limited.
- (3) Mr Zheng Fengwen is deemed to be interested in 100,000,000 shares in the capital of the Company which are held by Sunlead Evergrowing Capital Co., Limited, which is deemed to be interested by his spouse, Mdm Xu Cai Kui.
- (4) Ms Heng Chin Ngor Doris is deemed to be interested in 40,000,000 shares in the capital of the Company which are held by Rossbay Private Limited pursuant to Section 7 of the Companies Act, Chapter 50 of Singapore by virtue of her being a director and shareholder of Rossbay Private Limited.
- (5) Ms Jo-Anne Chang is deemed to be interested in 40,000,000 shares in the capital of the Company which are held by Rossbay Private Limited pursuant to Section 7 of the Companies Act, Chapter 50 of Singapore by virtue of her being a director and shareholder of Rossbay Private Limited.
- (6) Mr Lee Tong Soon is deemed to be interested in 12,500 shares in the capital of the Company which are held by his daughter, Miss Lee Chun Hui, Crystal.
- (7) Dr. John Chen Seow Phun is deemed to be interested in 22,252,725 shares in the capital of the Company which are held by Unigold Asia Limited by virtue of him being the sole director and sole shareholder of Unigold Asia Limited, and is deemed to be interested in 62,500 shares in the capital of the Company which are held by his spouse, Madam Lim Kok Huang. He is the beneficial owner of 848,300 shares held by DBS Nominees (Private) Limited.

STATISTICS OF SHAREHOLDINGS

COMPLIANCE WITH RULE 723 OF THE SGX-ST LISTING MANUAL

As at 17 March 2021, based on the registers of shareholders and to the best knowledge of the Company, the percentage of shareholding held in the hands of the public is 27.88%. The Company is therefore in compliance with Rule 723 of the SGX-ST Listing Manual. .

NOTICE OF ANNUAL GENERAL MEETING

PAVILLON HOLDINGS LTD.
(Company Registration No. 199905141N)
(Incorporated in the Republic of Singapore)
(the “Company”)

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of **PAVILLON HOLDINGS LTD.** (the “Company”) will be held by electronic means on Wednesday, 21 April 2021 at 3.00 p.m. for the following purposes: -

AS ORDINARY BUSINESS

- | | | |
|----|---|---------------------|
| 1. | To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Directors’ Statement and Independent Auditors’ Report thereon. | Resolution 1 |
| 2. | To approve payment of Directors’ Fees of S\$162,000 for the financial year ending 31 December 2021, with payment to be made in arrears. (2020: S\$162,000) | Resolution 2 |
| 3. | To record the retirement of Mr Foo Der Rong who is retiring pursuant to Article 107 of the Constitution of the Company. | |
| 4. | To re-elect Ms Jo-Anne Chang, a Director of the Company who is retiring pursuant to Article 107 of the Constitution of the Company.
[See Explanatory Note (i)] | Resolution 3 |
| 5. | To re-appoint Messrs Nexia TS Public Accountant Corporation as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. | Resolution 4 |
| 6. | To transact any other ordinary business which may be properly transacted at an Annual General Meeting. | |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions (with or without amendments) as Ordinary Resolutions:-

NOTICE OF ANNUAL GENERAL MEETING

7. Authority to allot and issue shares

Resolution 5

“That pursuant to Section 161 of the Companies Act, Chapter 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), authority be and is hereby given to the Directors of the Company to:-

- (a) (i) issue shares in the capital of the Company (“**shares**”) whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, “**Instruments**”) that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares, at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and
- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20 per cent of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with paragraph (2) below);

**NOTICE OF
ANNUAL GENERAL MEETING**

- (2) (subject to such manner of calculation and adjustments as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraph (1) above, the percentage of issued shares shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed, after adjusting for:
- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of shares;

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

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

(unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

[See Explanatory Note (ii)]

BY ORDER OF THE BOARD

CHAN LAI YIN
Company Secretary

Singapore, 6 April 2021

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Ms Jo-Anne Chang, will upon re-election as a Director of the Company, remain as a member of the Audit Committee, Nominating Committee and Remuneration Committee. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, detailed information of Ms Jo-Anne Chang who is seeking re-election at the Annual General Meeting can be found in the Corporate Governance Report under Provision 1.5 of the Annual Report.
- (iii) Ordinary Resolution 5 proposed in item 7 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings of the Company. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued will not exceed twenty per cent. (20%) of Company's total number of issued shares excluding treasury shares and subsidiary holdings of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instrument made or granted under this authority.

Notes:

1. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by shareholders can participate at the AGM by observing and/or listening to the proceedings of the AGM through either live audio-visual webcast or live audio-only stream ("electronic means"), submission of questions in advance of the AGM, addressing of substantial and relevant questions, are set out in the Company's announcement dated 6 April 2021 (the "Announcement"), which has been uploaded together with this Notice of AGM on SGXNet on the same day. The Announcement may also be assessed on the Company's website <https://thaiyillagerestaurant.com.sg/investors/>. For the avoidance of doubt, the aforesaid section is circulated together with and forms part of this Notice of AGM. This Notice of AGM will be sent to members by electronic means via publication on the Company's website <https://thaiyillagerestaurant.com.sg/investors/> and also made available on the SGXNET. Printed copies of this Notice of AGM will not be published in a newspaper or sent to members.
2. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the AGM in person. A member of the Company (whether individual or corporate and including a Relevant Intermediary*) must appoint the Chairman of the AGM in as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM, if such member wishes to exercise his/her/its voting rights at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary*) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. The Chairman of the AGM, as proxy, need not be a member of the Company.
4. In the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (i.e. by 3:00 p.m. on 18 April 2021), as certified by The Central Depository (Pte) Limited to the Company.
5. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investors") and/or Supplementary Retirement Scheme ("SRS Investors") who wish to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 3:00 p.m. on 9 April 2021). CPF/SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to the appointment of the Chairman of the AGM as proxy for the AGM.
6. The instrument appointing the Chairman of the AGM as a proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof, must:
 - (a) be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), at 80 Robinson Road #11-02, Singapore 068898; or
 - (b) send electronic mail to sg.is.proxy@sg.tricorglobal.com enclosing signed PDF copy of the Proxy Form; not less than forty-eight (48) hours before the time appointed for the AGM.

**NOTICE OF
ANNUAL GENERAL MEETING**

* A Relevant Intermediary is:

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

PERSONAL DATA PRIVACY

By lodging an instrument appointing a proxy(ies) and/or representative(s), a Shareholder (i) consents to the collection, use and disclosure of the Shareholder's personal data by the Company (and its agents) for the purpose of the processing and administration by the Company (and its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (and its agents) to comply with any applicable laws, listing rule, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (and its agents), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (and its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

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PAVILLON HOLDINGS LTD.

Company Registration No. 199905141N
(Incorporated in the Republic of Singapore)

PROXY FORM *(Please see notes overleaf before completing this Form)*

IMPORTANT:

1. The Annual General Meeting of the Company ("AGM") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM, are set out in the accompanying Company's announcement dated 6 April 2021 (the "Announcement"), which has been uploaded together with the Notice of AGM dated 6 April 2021 on SGXNet on the same day. The Announcement may also be accessed at the Company's corporate website at <https://thavillagerestaurant.com.sg/investors/>. For the avoidance of doubt, the Announcement is circulated together with and forms part of the Notice of AGM dated 6 April 2021 in respect of the AGM.
3. A member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate and including a Relevant Intermediary*) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary*) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
4. CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Bank/SRS Operators to submit their votes by 3.00 p.m. on 9 April 2021.

By submitting an instrument appointing the Chairman of the AGM as proxy, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 6 April 2021.

I/We, (Name) NRIC/Passport No./Co. Registration No.
of (Address)
being a *member/members of Pavillon Holdings Ltd. (the "Company"), hereby appoint the Chairman of the Annual General Meeting as *my/our *proxy/proxies to attend and to vote for *me/us on my/our behalf at the Annual General Meeting (the "AGM") of the Company to be held by electronic means on Wednesday, 21 April 2021 at 3:00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against or abstain from voting on the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, this Proxy Form shall be disregarded and the proxy shall abstain from voting on any matter arising at the AGM and at any adjournment thereof.

*Please delete accordingly

No.	Resolutions relating to:	For	Against	Abstain
Ordinary Business				
1	Adoption of the Audited Financial Statements of the Company for the financial year ended 31 December 2020 together with the Directors' Statement and Independent Auditors' Report thereon.			
2	Approval of Directors' Fees for financial year ending 31 December 2021.			
3	Re-election of Ms Jo-Anne Chang as a Director of the Company.			
4	Re-appointment of Messrs Nexia TS Public Accountant Corporation as Auditors of the Company and to authorise Directors of the Company to fix their remuneration.			
Special Business				
5	Authority to allot and issue shares.			

Note: Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" or "Abstain" from voting the relevant Resolutions, please tick (X) or (✓) within the box provided. Alternatively, please indicate the number of votes "For" or "Against" or "Abstain" each Resolution in the boxes provided as appropriate. If you tick (X) or (✓) in the abstain box for a particular Resolution, you are directing your proxy, who is the Chairman of the AGM, not to vote on that Resolution.

Dated this day of 2021

Signature of Shareholder(s) and/or
Common Seal of Corporate Shareholder

Total number of Shares in:		No. of Shares
(a)	CDP Register	
(b)	Register of Members	

* Delete accordingly

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person and must appoint the Chairman of the AGM as proxy to attend, speak and vote on the member's behalf at the AGM and at any adjournment thereof. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. If a member (whether individual or corporate and including a Relevant Intermediary*) wishes to exercise his/her/its votes, he/she/it must submit this Proxy Form to appoint the Chairman of the AGM to vote on his/her/its behalf. A member (whether individual or corporate including a Relevant Intermediary*) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in this Proxy Form, failing which the appointment will be treated as invalid.
3. CPF/SRS Investors who wish to vote at the AGM should approach their respective CPF agent banks/SRS Operators to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 3:00 p.m. on 9 April 2021). CPF/SRS Investors should not directly appoint the Chairman as proxy to direct the vote.
4. Relevant Intermediaries shall also appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM. Together with the instrument appointing a proxy, the Relevant Intermediaries shall provide to the Company a list of attendees who would like to participate at the AGM by observing and/or listening to the proceedings of the AGM through either live audio-visual webcast or live audio-only stream with such information that may be requested by the Company.

* A Relevant Intermediary is:
 - (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;
 - (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or
 - (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.
5. The Chairman of the AGM, as proxy, need not be a member of the Company.
6. The instrument appointing the Chairman of the AGM as proxy must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), at 80 Robinson Road #11-02, Singapore 068898 or send electronic mail to sg.is.proxy@sg.tricorglobal.com enclosing signed PDF copy of the Proxy Form not less than forty-eight (48) hours before the time appointed for the meeting.
7. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorized officer.
8. Where an instrument appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
9. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act (Chapter 50) of Singapore.
10. The Company shall be entitled to reject an instrument appointing the Chairman of the AGM as proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument appointing the Chairman of the AGM as proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.
11. By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 6 April 2021.

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