

Pavillon Holdings Ltd.

蘭亭



**POSED FOR A
NEW TRAJECTORY
OF GROWTH**
ANNUAL REPORT 2022

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CORPORATE MAP



Pavillon Holdings Ltd.



* ceased during the financial year

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS

2022 was a watershed year - Global economies began reopening borders amid uncertainties due to inflation risks and geopolitical tensions. China, too, bade farewell to its zero-COVID strategy and opened its doors to the world, presenting a major turning point for the global market.

Pavillon Holdings Ltd. ("the Group") also saw a turn for the better, and has undergone a major restructuring. We are pleased to be under the charge of New Development Hotel Management Pte. Ltd., which operates and manages business hotels and leisure hotels, conducts hotel operations, and undertakes management of restaurants and inns. We are confident that the new leadership will steer the Group to broader horizons and greater opportunities.

On behalf of the Board of Directors of the Group, we present the annual report of the Group for the financial year ended 31 December 2022 ("FY 2022").

FINANCIAL PERFORMANCE

The Group attained a revenue of S\$16.3 million, a 74.2% increase from S\$9.4 million in the financial year ended 31 December 2021 ("FY 2021"). The increased revenue was largely due to the great improvement of the restaurant business in Singapore. The long-awaited relaxation of COVID-19 restriction measures saw increased businesses from both locals and tourists at our restaurants. The Group also saw an increase in higher interest income due to the S\$40.8 million (equivalent to RMB 208 million) loan extended to an associated company. Total expenses in FY2022 came up to S\$21.1 million, up from S\$14.6 million in 2021. This is mainly due to an increase in expenses on raw materials and changes in inventories, which has increased in proportion to the increase in the Food and Beverages business, as well as currency exchange losses due to the depreciation of the Chinese Yuan against Singapore dollars.

While challenging economic conditions remain, our associated company, Fengchi IOT Management Co. Ltd. ("Fengchi IOT"), has seen an improved capacity utilization of the Tianjin logistic hub as well as an increase in valuation of property, leading to a share of profit of associated companies of S\$5.7 million, a turnaround from FY2021 with a loss of S\$15.4 million.

Overall, the Group saw a net profit of S\$1.8 million, a great improvement from the loss of S\$19.5 million in FY 2021.

The total assets of the Group stand at S\$66.0 million, an increase from S\$23.6 million in FY2021. This is mainly due to the loan provided to an associated company, as well as investments in associated companies. Total liabilities decreased to S\$7.3 million from S\$8.7 million, due to a decrease in trade and other payables, as well as repayment of borrowings. Overall, net assets stood at S\$58.7 million.

FUTURE PROSPECTS

The Group has just started gaining momentum in 2022, with better performing businesses, as well as a healthier balance sheet.


With the injected funds from New Development Hotel Management Pte. Ltd., the Group is able to fund the operations of Fengchi IOT. The management team is dedicated to improving the performance of its business, including looking at ways to optimize current operations and introducing fresh functions. One such effort includes the upcoming introduction of value-added logistic services in China, such as custom clearance, as well as financial and logistic services related to parallel import of cars and export of EV cars. The Group is pursuing to set itself up as a base for the export of electric vehicles from China to other countries, which offers great promises given the increasing popularity of electric vehicles globally.

In addition, the management continues to be on a lookout for new restaurant concepts and other innovative ideas. Plans are underway to launch merchandise products such as chili sauce and other inhouse sauces that will use a unique recipe. The management team is also exploring ways to leverage on the group of companies related to New Development Hotel management for mutual benefits.

On the sustainability front, the Group will step up efforts to look into programs and initiatives to improve performance and service quality on the whole. Digitalization remains a key pillar for the Group's development, alongside the training and renewal of staff to retain talents and remain competitive.

CONCLUSION

With these positive changes in place, the Group is moving ahead with new confidence. On behalf of the Board, we would like to take this opportunity to extend our sincere appreciation to the staff and management team who have worked with us through the storm and continue to dedicate their best efforts to the Group. To our clients, business associates and shareholders, a big thank you for your continuous support as we work towards an even more successful year ahead.



With these positive changes in place, the Group is moving ahead with new confidence



DR. JOHN CHEN SEOW PHUN
Executive Chairman



OPERATIONS REVIEW

TURNOVER AND EARNINGS

In the financial year ended 31 December 2022 ("FY2022"), the Group attained a revenue of S\$16.3 million, an increase of S\$6.9 million from S\$9.4 million in the financial year ended 31 December 2021 ("FY2021"). This was mainly due to increased revenue from Singapore restaurant operations.

Of the various business segments, restaurant operations contributed S\$16.1 million in revenue, up from S\$9.2 million in FY2021. Taking into account the depreciation of property, plant and equipment, as well as financial expenses, the food & beverage segment enjoyed a profit of S\$3.7 million, up from the profit of S\$0.4 million in FY2021. Property segment recorded a profit of S\$5.8 million in FY2022 as compared to a loss of \$15.5 million in FY2021. Car washing business and other segments incurred a combined loss of S\$7.8 million in FY2022 compared to a combined loss of S\$4.3 million for leasing and other segments in FY2021.

Overall, the combined profits and losses of the business segments generated a total profit of S\$1.8 million.

In terms of other items of income of the Group, interest income amounted to S\$666,000, up from S\$77,000 in FY2021. This was mainly due to the loan extended to an associated company during the financial year. Other income totaled S\$252,000, down from S\$1.0 million in FY2021 due to the sustained decrease in grant availability from the Singapore government.

Overall, total expenses aggregated S\$21.1 million, an increase from S\$14.7 million in FY2021. Expenses of raw materials and changes in inventories increased from S\$3.3 million in FY 2021

to S\$5.8 million in FY2022, while employees' compensation decreased from S\$6.1 million to S\$5.9 million. Depreciation expenses decreased by 10.5% to S\$1.5 million due to the disposal of property, plant and equipment in China, while finance expenses decreased by 11.9% to S\$126,000 due to lease modification. The Group saw a currency exchange loss of S\$4.3 million due to the depreciation of the Chinese Yuan against Singapore Dollars. Other operating expenses amounted to S\$3.5 million, which includes the increase in operating expenses of the food & beverage business in accordance with the increased business, a one-time write-off cost incurred due to the cessation of the automated car washing business in China, increases in traveling expense due to the COVID-19 situation in China, as well as professional fees incurred as part of the restructuring of the China businesses and shares subscription in the Company.

Share of profit of associated companies totaled S\$5.7 million, a turnaround from the loss of S\$15.4 million in FY2021. Taking into account income tax expenses of S\$94,000, the total net profit for FY2022 stands at S\$1.8 million, a marked improvement from the loss of S\$19.5 million in FY2021.

BALANCE SHEET AND CASH FLOW

As at 31 December 2022, current assets stand at S\$6.9 million, while non-current assets stand at S\$59.1 million, bringing total assets to S\$66.0 million. This is an increase from the S\$23.6 million as at 31 December 2021, mainly due to the increase in trade and other receivables arising from the loan provided to an associated company, as well as investments in associated companies.

Current liabilities amount to S\$5.2 million, while non-current liabilities stand at S\$2.1 million. Total liabilities total at S\$7.3 million, down from S\$8.7 million in the prior financial year. This brings net assets to S\$ 58.7 million, an increase from S\$14.9 million in FY2021. Total equity also increased to S\$58.7 million, up from S\$14.9 million.

Overall, cash and cash equivalents at the end of the financial year decreased to S\$3.2 million, down from S\$6.4 million in FY2021. The decrease is mainly due to a loan extended to an associated company, additions to property, plant and equipment, shares issue expenses, repayment of borrowings offset by the proceeds from issuance of ordinary shares and net cash provided by operating activities.



BOARD OF DIRECTORS

POSED FOR A NEW TRAJECTORY OF GROWTH



DR. JOHN CHEN SEOW PHUN
Executive Chairman

Dr Chen was appointed as an Independent Director of the Company in December 2001 and was redesignated 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 DING FURU
Non-Executive and
Non-Independent Director

Mr. Ding is appointed to the board on 4 Nov 2022 as Non-executive and Non-independent director.

Mr. Ding is the sole shareholder and director of the New Development Hotel Management Pte. Ltd.

Mr. Ding is a naturalised Singaporean and is based in Shanghai in the PRC, with investments in various industries, including property development and hotel ownership and development. Through his investments, he has majority interest in a public company listed on the Shanghai Stock Exchange, Vohringer Home Technology (菲林格尔) and is also the owner of various hotel properties in the PRC including Courtyard by Marriott Shanghai Fengxian, The JW Marriott Hotel Shanghai Changfeng Park and Fairfield by Marriott Shanghai JingAn.

BOARD OF DIRECTORS



MR FRANCIS LEE FOOK WAH

Lead Independent Director

Mr Francis Lee Fook Wah ("**Mr Francis Lee**") was appointed to the Board on 6 May 2022. Mr Francis Lee is also the Chairman of the Nominating Committee and Remuneration Committee, a member of the Audit and Risk Committee of the Company.

Mr Francis Lee is currently the chief financial officer and executive director of Vibrant Group Limited, a company listed on the SGX-ST. Mr Francis Lee is also currently an independent director of three (3) other companies listed on the SGX-ST, namely Net Pacific Financial Holdings Limited, Asiaphos Limited and Joyas International Holdings Limited. He is also a non-executive non-independent director of Figtree Holdings Limited, a company listed on the SGX-ST.

Mr Francis Lee was the chief financial officer of OKH Global Ltd., a company listed on the SGX-ST, from 2015 to 2017. Mr Francis Lee had also served as an independent director of Jes International Holdings Limited, Metech International Limited and Sheng Siong Group Ltd, all of which are listed on the SGX-ST. Between 2005 and 2011, Mr Francis Lee was an executive director, finance director and chief financial officer of Man Wah Holdings Limited ("**Man Wah**"), a company listed on the SEHK, where he was responsible for the overall

accounting functions and matters relating to its corporate regulatory compliance and reporting for the group. He remained on the board of Man Wah as a non-executive director until February 2012. Prior to that from 2001 to 2005, Mr Francis Lee was a credit and relationship manager with Bank of China Limited and also served as an investment and project manager with AP Oil International Limited. Mr Francis Lee began his career in 1990 in the Commercial Crime Division of the Criminal Investigation Department, where he served as a senior investigation officer, before moving on to Oversea-Chinese Banking Corporation Limited in 1993 as an assistant manager and subsequently moved on to Deutsche Morgan Grenfell Securities as a dealer's representative from 1994 to 2001.

Mr Francis Lee graduated from The National University of Singapore with a Bachelor's degree in Accountancy in 1990 and obtained a Master's degree in Business Administration (Investment and Finance) from The University of Hull in 1993. Mr Francis Lee is a Chartered Accountant and a non-practising member of the Institute of Singapore Chartered Accountants. Mr Francis Lee is also a member of the Singapore Institute of Directors.



MR KONG WEILI
Independent Director

Mr Kong was appointed to the board on 22 June 2022 as Independent Director.

Mr Kong was the Plant Financial Controller of Sanmina- SCI Systems Singapore Pte. Ltd. from 2018 to 2019 and during the period from 2008 to 2015, Mr Kong worked as Financial Controller of SMOE Pte Ltd (a subsidiary of Sembcorp Marine Ltd), a company specializing in Turnkey EPCIC, Offshore platforms and Topside modules fabrication, installation and integration. He has more than 30 years' experience and leadership skills in accounting, finance and risk management.

Mr Kong is a Fellow member of the Institute of Singapore Chartered Accountants and CPA Australia.



MR FAN BIN
Non-Executive and
Non-Independent Director

Mr. Fan is appointed to the board on 4 Nov 2022 as Non-executive and Non-independent director.

Mr Fan Bin is a member of the Chinese Institute of Certified Public Accountants and a certified public accountant (CPA), a certified tax accountant (CTA) certified by the China Certified Tax Agents Association and accountant certified by the Ministry of Finance of the People's Republic of China.

He holds a Master's degree in accounting from Shanghai University of Finance and Economics and Bachelor's degree in management from Shanghai University of Finance and Economics.



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 HAU EE 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

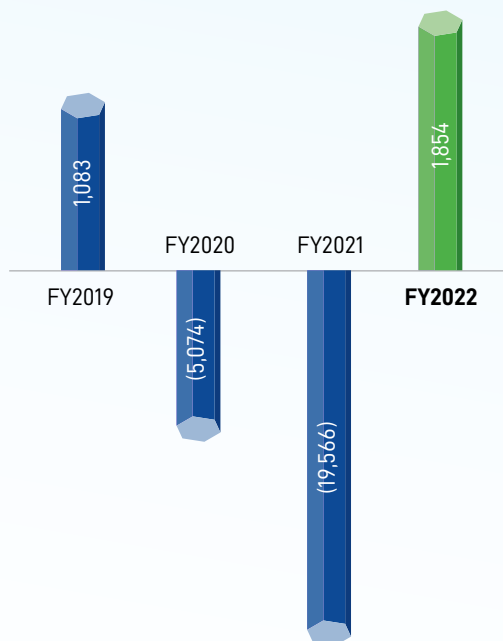
Financial Controller

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.

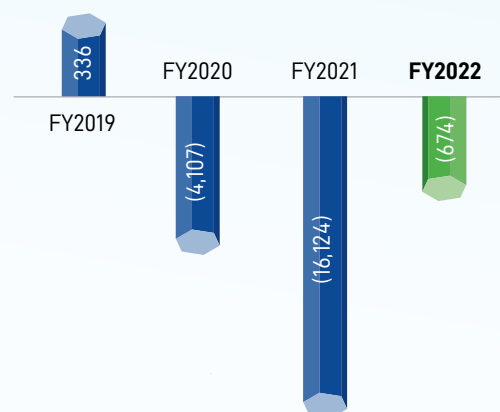
FINANCIAL HIGHLIGHTS

POSED FOR A NEW TRAJECTORY OF GROWTH

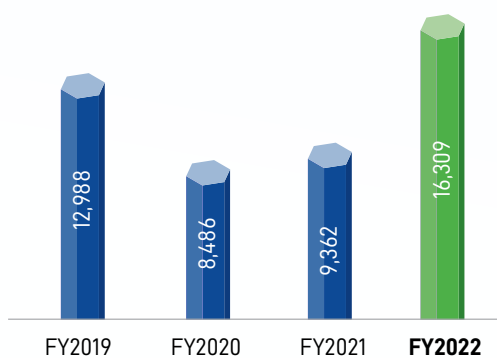
PROFIT/(LOSS) BEFORE TAXATION (S\$'000)



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 Ding Furu
Non-Executive and
Non-Independent Director

Mr Francis Lee Fook Wah
Lead Independent Director

Mr Kong WeiLi
Independent Director

Mr Fan Bin
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

CLA Global TS Public Accounting Corporation
(Formerly Nexia TS Public Accounting Corporation)
Director in-charge: Teh Yeu Horng
(Appointed since financial year
ended 31 December 2021)

PRINCIPAL BANKER

United Overseas Bank Limited



THAI VILLAGE RESTAURANT PRESENCE



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

SELF-MANAGED
RESTAURANTS

FRANCHISEE
(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

上海市黄浦区北京西路61号
新金桥广场1层
电话: (86) 021-66981717

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

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DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

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 91 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 2022 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, 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:

Ding Furu	(appointed on 4 November 2022)
Dr. John Chen Seow Phun	
Fan Bin	(appointed on 4 November 2022)
Francis Lee Fook Wah	(appointed on 6 May 2022)
Kong WeiLi	(appointed on 22 June 2022)

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 2022

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 a director is deemed to have an interest	
	At 31.12.2022	At 1.1.2022 or date of appointment, if later	At 31.12.2022	At 1.1.2022 or date of appointment, if later
Company				
<u>Number of ordinary shares</u>				
Ding Furu	–	–	1,047,408,760 ⁽¹⁾	190,200 ⁽¹⁾
Dr. John Chen Seow Phun	–	–	23,163,525 ⁽²⁾	23,163,525 ⁽²⁾

Notes:

- (1) 1,047,218,560 (at date of appointment on 4 November 2022: Nil) shares are held in the name of New Development Hotel Management Pte. Ltd., of which Mr Ding Furu is the sole director and shareholder. He is the beneficial owner of 190,200 (at date of appointment on 4 November 2022: 190,200) shares held by UOB Kay Hian Pte Ltd.
- (2) 62,500 (2021: 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 (2021: 848,300) shares held by DBS Nominees Private Ltd. Additionally, 22,252,725 (2021: 22,252,725) shares are held in the name of Unigold Asia Limited, which is wholly owned by Dr. John Chen Seow Phun.

Mr Ding Furu, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the whole of the share capital of the Company's wholly owned subsidiary corporations and in the shares held by the Company in the following subsidiary corporations that are not wholly owned by the Group:

	At 31.12.2022	At 1.1.2022 or date of appointment, if later
	USD	USD
Tianjin Lanting Leasing Co., Ltd. (formerly known as Pavillon Financial Leasing Co., Ltd.)		
- Registered and issued share capital	43,500,000	43,500,000
Tianjin Yixing Intelligent Washing Technology Co., Ltd.		
- Registered and issued share capital	5,279,400	5,279,400

The directors' interests in the ordinary shares of the Company as at 21 January 2023 were the same as those as at 31 December 2022.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

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.

AUDIT COMMITTEE

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

Kong WeiLi (Chairman)
Francis Lee Fook Wah
Fan Bin

As at the date of this statement, the Audit Committee comprises all non-executive directors who are independent, except for Mr Fan Bin who was nominated by New Development Hotel Management Pte. Ltd., of which Mr Ding Furu is the sole director and shareholder.

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 Companies Act 1967 of Singapore 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's 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;

DIRECTORS' STATEMENT

For the financial year ended 31 December 2022

AUDIT COMMITTEE (CONTINUED)

- (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.

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 2022 and July 2022 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, CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation), be nominated for re-appointment at the forthcoming Annual General Meeting.

INDEPENDENT AUDITOR

The independent auditor, CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation), has expressed its willingness to accept re-appointment.

On behalf of the directors

.....
Dr. John Chen Seow Phun
Director

.....
Francis Lee Fook Wah
Director

11 April 2023

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 2022, 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 91.

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 1967 of Singapore (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)"s) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 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.

Equity method of accounting for investment in associated company – Fengchi IOT Management Co., Ltd. ("Fengchi IOT") (Refer to Notes 2.4(c), 3(a) and 17 to the financial statements)

Area of focus

As at 31 December 2022, the carrying amount of the investment in Fengchi IOT was S\$12,963,000 which represented 20% of total assets of the Group. The principal activity of the Fengchi IOT is those relating to warehouse and logistics management.

Independent Auditor's Report

Report on the Audit of the Financial Statements

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

Equity method of accounting for investment in associated company – Fengchi IOT Management Co., Ltd. (“Fengchi IOT”) (Refer to Notes 2.4(c), 3(a) and 17 to the financial statements) (continued)

Area of focus (continued)

During the financial year ended 31 December 2021, Fengchi IOT has completed the construction of its logistic hub in Tianjin, People's Republic of China. The logistic hub is classified as investment properties as it is held for long-term rental yields and/or for capital appreciation.

As at 31 December 2022, the fair value of the investment properties determined by an independent valuer amounted to S\$116,367,000, which is higher than the carrying amount of the investment properties. Accordingly, Fengchi IOT recorded a net profit of S\$11,709,000 for the financial year ended 31 December 2022, which mainly comprised of fair value gain on investment properties amounted to S\$17,193,000.

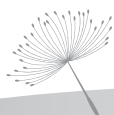
Accordingly, the Group's share of profit of Fengchi IOT amounted to S\$5,737,000 for the financial year ended 31 December 2022.

We focused on this area as a key audit matter as the determination of the fair value of Fengchi IOT's investment properties are highly dependent on a range of assumptions and estimates (including, amongst others, gross capitalisation rates and estimated market rental yields) used by the independent valuer, which has a significant impact on the equity accounting for the investment in Fengchi IOT, and the carrying amount of the investment in Fengchi IOT is significant to the Group.

How our audit addressed this key audit matter

In obtaining sufficient audit evidence, we have performed the following procedures:

- Evaluated the experience, qualifications and competency of the independent valuer;
- Obtained and reviewed the valuation report from the independent valuer, together with our internal valuation specialists, to evaluate the appropriateness of the valuation methodologies and significant underlying assumptions used in determining the fair value of the investment properties;
- Obtained an understanding of the procedures planned to be performed by the component auditor of Fengchi IOT to address the significant risks identified (including but not limited to, the valuation of investment properties, revenue recognition and review of loan covenants) and considered whether the planned procedures were appropriate for the purpose of the audit of the Group's consolidated financial statements;
- Obtained inter-firm reporting from the component auditor and discussed the significant matters in their audits which could impact the Group's consolidated financial statements and reviewed the work performed thereon and their conclusions;
- Verified the arithmetical accuracy of the share of results of Fengchi IOT in the consolidated financial statements; and
- Reviewed the adequacy and appropriateness of the disclosures made in the financial statements.



Independent Auditor's Report

Report on the Audit of the Financial Statements

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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:

Independent Auditor's Report

Report on the Audit of the Financial Statements

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

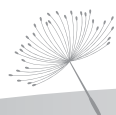
Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.



Independent Auditor's Report

Report on the Audit of the Financial Statements

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 Teh Yeu Horng.

CLA Global TS Public Accounting Corporation
(Formerly Nexia TS Public Accounting Corporation)
Public Accountants and Chartered Accountants

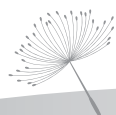
Singapore

11 April 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	2022 S\$'000	2021 S\$'000
Revenue	4	16,309	9,362
Other items of income			
Interest income – bank deposits		36	77
Interest income – loan to an associated company		630	–
Other income	5	252	1,012
Items of expenses			
Raw materials and changes in inventories	13	(5,797)	(3,322)
Employee compensation	6	(5,918)	(6,148)
Depreciation expense	19	(1,507)	(1,683)
Finance expenses	7	(126)	(143)
Currency exchange (losses)/gains - net		(4,285)	1
Other operating expenses	8	(3,477)	(3,371)
Total expenses		(21,110)	(14,666)
Share of profit/(loss) of associated companies	17	5,737	(15,351)
Profit/(loss) before income tax		1,854	(19,566)
Income tax (expenses)/credit	9(a)	(94)	64
Net profit/(loss)		<u>1,760</u>	<u>(19,502)</u>
Other comprehensive income/(loss):			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
- Currency translation (losses)/gains arising from consolidation		(386)	927
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
- Currency translation (losses)/gains arising from consolidation		(331)	230
- Fair value gains/(losses) – financial assets, at FVOCI	16	132	(58)
		<u>(585)</u>	<u>1,099</u>
Total comprehensive income/(loss)		<u>1,175</u>	<u>(18,403)</u>
Profit/(loss) attributable to:			
Equity holders of the Company		(674)	(16,124)
Non-controlling interests		<u>2,434</u>	<u>(3,378)</u>
		<u>1,760</u>	<u>(19,502)</u>
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		(960)	(15,241)
Non-controlling interests		<u>2,135</u>	<u>(3,162)</u>
		<u>1,175</u>	<u>(18,403)</u>
Loss per share for loss attributable to equity holders of the Company (cents per share)			
- Basic	10	(0.10)	(4.16)
- Diluted	10	<u>(0.10)</u>	<u>(4.16)</u>



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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

POSED FOR A NEW TRAJECTORY OF GROWTH

	Note	Group	
		2022	2021
		S\$'000	S\$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	3,566	6,791
Trade and other receivables	12	1,881	941
Inventories	13	1,434	650
		<u>6,881</u>	<u>8,382</u>
Non-current assets			
Other receivables	14	39,655	417
Financial asset, at FVOCI	16	4,294	4,162
Investments in associated companies	17	12,963	7,818
Property, plant and equipment	19	2,209	2,780
		<u>59,121</u>	<u>15,177</u>
Total assets		<u>66,002</u>	<u>23,559</u>
LIABILITIES			
Current liabilities			
Trade and other payables	22	3,595	4,131
Contract liabilities	23	44	–
Current income tax liabilities	9(b)	96	2
Borrowings	24	1,507	2,051
		<u>5,242</u>	<u>6,184</u>
Non-current liabilities			
Trade and other payables	22	100	130
Borrowings	24	1,717	2,141
Provisions	25	198	198
Deferred tax liabilities	26	48	48
		<u>2,063</u>	<u>2,517</u>
Total liabilities		<u>7,305</u>	<u>8,701</u>
NET ASSETS		<u>58,697</u>	<u>14,858</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	27	82,097	39,433
Other reserves	28	3,894	4,180
Accumulated losses		<u>(31,866)</u>	<u>(31,192)</u>
		54,125	12,421
Non-controlling interests	18	4,572	2,437
TOTAL EQUITY		<u>58,697</u>	<u>14,858</u>

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

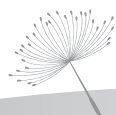
STATEMENTS OF FINANCIAL POSITION

As at 31 December 2022

	Note	Company 2022 S\$'000	2021 S\$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	17	17
Trade and other receivables	12	1,079	772
		<u>1,096</u>	<u>789</u>
Non-current assets			
Other receivables	14	39,251	–
Investments in subsidiary corporations	18	12,482	13,452
Property, plant and equipment	19	–	–
		<u>51,733</u>	<u>13,452</u>
Total assets		<u>52,829</u>	<u>14,241</u>
LIABILITIES			
Current liabilities			
Trade and other payables	22	5,340	3,833
Borrowings	24	697	723
		<u>6,037</u>	<u>4,556</u>
Non-current liabilities			
Trade and other payables	22	100	130
Borrowings	24	461	766
		<u>561</u>	<u>896</u>
Total liabilities		<u>6,598</u>	<u>5,452</u>
NET ASSETS		<u>46,231</u>	<u>8,789</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	27	82,097	39,433
Accumulated losses	29	(35,866)	(30,644)
TOTAL EQUITY		<u>46,231</u>	<u>8,789</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 2022

Attributable to the equity holders of the Company									
	Share capital	Other reserves					Non-controlling interests		Total equity
		Currency translation reserve	Capital reserve	Fair value reserve	Accumulated losses	Total			
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
2022									
Balance as at 1 January 2022	39,433	474	3,478	228	(31,192)	12,421	2,437	14,858	
Issue of new shares (Note 27)	42,936	-	-	-	-	42,936	-	42,936	
Share issue expenses (Note 27)	(272)	-	-	-	-	(272)	-	(272)	
Net (loss)/profit for the financial year	-	-	-	-	(674)	(674)	2,434	1,760	
Other comprehensive (loss)/income for the financial year	-	(386)	-	100	-	(286)	(299)	(585)	
Balance as at 31 December 2022	82,097	88	3,478	328	(31,866)	54,125	4,572	58,697	
2021									
Balance as at 1 January 2021	39,433	(453)	3,478	272	(15,068)	27,662	5,599	33,261	
Net loss for the financial year	-	-	-	-	(16,124)	(16,124)	(3,378)	(19,502)	
Other comprehensive income/(loss) for the financial year	-	927	-	(44)	-	883	216	1,099	
Balance as at 31 December 2021	39,433	474	3,478	228	(31,192)	12,421	2,437	14,858	

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	2022 S\$'000	2021 S\$'000
Cash flows from operating activities			
Net profit/(loss)		1,760	(19,502)
Adjustments for:			
- Depreciation of property, plant and equipment	19	1,507	1,683
- Gain on disposal of property, plant and equipment	5	(21)	(23)
- Gain on lease modification relating to termination of the lease	5	(9)	-
- Income tax expense/(credit)	9(a)	94	(64)
- Interest expense	7	126	143
- Interest income		(666)	(77)
- Rental concession	5	(19)	(62)
- Property, plant and equipment written off	8	521	-
- Share of (profit)/loss of associated companies	17	(5,737)	15,351
- Unrealised currency translation losses		4,210	35
		1,766	(2,516)
Change in working capital:			
- Inventories		(784)	(200)
- Trade and other receivables		659	(454)
- Trade and other payables		(566)	2,214
- Contract liabilities		44	-
Net cash provided by/(used in) operating activities		1,119	(956)
Cash flows from investing activities			
Additions to property, plant and equipment		(716)	(161)
Proceeds from disposal of property, plant and equipment		23	34
Loans to an associated company		(44,483)	-
Interest received		36	77
Net cash used in investing activities		(45,140)	(50)
Cash flows from financing activities			
Proceeds from issuance of ordinary shares	27	42,936	-
Share issue expenses	27	(272)	-
Principal payment of lease liabilities		(1,169)	(1,254)
Proceeds from borrowings		-	1,000
Principal payment of borrowings		(483)	(347)
Interest paid		(126)	(143)
Net cash provided by/(used in) financing activities		40,886	(744)
Net decrease in cash and cash equivalents		(3,135)	(1,750)
Cash and cash equivalents			
Beginning of financial year		6,376	7,952
Effects of currency translation on cash and cash equivalents		(54)	174
End of financial year	11	3,187	6,376

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

Reconciliation of liabilities arising from financing activities

Non-cash changes									
	1 January 2022	Principal and interest payments	Addition during the financial year	Rental concession	Modification of lease liability	Interest expense	Foreign exchange movement	31 December 2022	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Bank borrowings	2,014	(543)	-	-	-	60	-	1,531	
Lease liabilities	1,763	(1,215)	907	(19)	(152)	46	(16)	1,314	
Non-cash changes									
	1 January 2021	Proceeds from borrowings	Principal and interest payments	Addition during the financial year	Rental concession	Modification of lease liability	Interest expense	Foreign exchange movement	31 December 2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Bank borrowings	1,361	1,000	(396)	-	-	-	49	-	2,014
Lease liabilities	2,795	-	(1,325)	265	(62)	11	71	8	1,763

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

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 18 to the financial statements.

The Company’s immediate and ultimate holding corporation is New Development Hotel Management Pte. Ltd., incorporated in Singapore.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

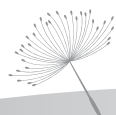
These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“SFRS(I)s”) under the historical cost convention, except as disclosed in the accounting policies below.

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.

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

Interpretations and amendments to published standards effective in 2022

On 1 January 2022, 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).



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Interpretations and amendments to published standards effective in 2022 (continued)

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.

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 when the food and beverages are served to the customers. Payment of the transaction price is due immediately when the customer purchases the food.

Sale of cash vouchers is recognised as contract liabilities as the performance obligation is not satisfied upon the sale of cash vouchers. It is subsequently recognised as revenue when the customers redeem the cash vouchers, or when the Group is legally released from its obligations based on the expiration date of the cash vouchers.

The Group does not operate any customer loyalty programme.

(b) *Revenue from car washing operations*

Revenue from the car wash services is recognised at a point in time when the Group satisfied its performance obligation by rendering service to the customer.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition (continued)

(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".

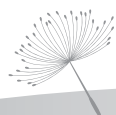
Government grants relating to assets are deducted against the carrying amount of the assets.

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 2022

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) *Subsidiary corporations* (continued)

(ii) *Acquisitions* (continued)

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 corporation 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.

(iii) *Disposals*

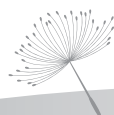
When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect 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.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(c) *Associated companies* (continued)

(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

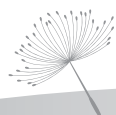
(a) *Measurement*

(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.

(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.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (continued)

(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>
Office and restaurant premises	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
Renovation	3 years

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.

(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 include interest in respect of lease liabilities recognised in accordance with SFRS(I) 16 - Leases and are recognised in profit or loss using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

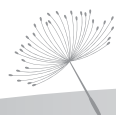
2.9 Financial assets

(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.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

(a) *Classification and measurement* (continued)

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) *Debt 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.

(ii) *Equity instruments*

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as fair value through profit or loss ("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".

(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 32(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 - *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

(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 a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

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.

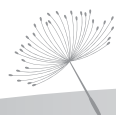
2.10 Offsetting of financial instruments

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 a creditor and banks for bank borrowings of its subsidiary corporation and an associated company. These guarantees are financial guarantees as they require the Group to reimburse the creditor and banks if the subsidiary corporation and the associated company 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 to the financial statements. 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

For the financial year ended 31 December 2022

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 date, 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".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leases (continued)

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

(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.

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 reduced to zero.

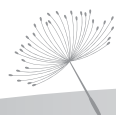
(iii) *Short term and low value leases*

The Group has elected to not recognised 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 Group leases office spaces under operating leases to a related party and non-related parties.

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.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leases (continued)

(b) *When the Group is the lessor:* (continued)

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 statement of financial position, which represents the lease payments owed to the head lessor.

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

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 reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Income taxes (continued)

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:

- (i) 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
- (ii) 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 unused tax credit can be utilised.

2.17 Provisions

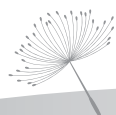
(a) General

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.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Provisions (continued)

(b) *Asset dismantlement, removal or restoration* (continued)

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

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee compensation (continued)

(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.

(c) *Termination benefits*

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognises costs for a restructuring that is within the scope of SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.19 Currency translation

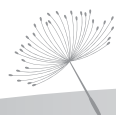
(a) *Functional and presentation currency*

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.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Currency translation (continued)

(b) *Transactions and balances* (continued)

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.

(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 statement of financial position. 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(a) *Valuation of investment properties of an associated company ("Fengchi IOT")*

The Group adopted the fair value model for the investment properties of an associated company. The Group has engaged an independent valuer to determine the fair value of the investment properties. The valuation is determined using the income approach, which provides an indication of fair value by converting future cash flow to a single current value. Under the income approach, the fair value of the investment properties is determined by reference to the value of income, cash flow or cost saving generated by the asset, based on a range of assumptions and estimates (including, amongst others, gross capitalisation rates and estimated market rental yields (2021: terminal capitalisation rates, revenue growth rates, discount rates and vacancy rates)).

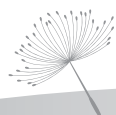
The fair value determined by the independent valuer is S\$116,367,000 which is higher than the carrying amount amounted to S\$99,174,000 (2021: S\$106,400,000 which is lower than the cost amounted to S\$132,181,000). Accordingly, Fengchi IOT recorded a net profit of S\$11,709,000 (2021: net loss of S\$31,329,000), which mainly comprised of fair value gain on investment properties amounted to S\$17,193,000 (2021: fair value loss on investment properties amounted to S\$25,781,000).

Therefore, the Group's share of profit of Fengchi IOT amounted to S\$5,737,000 (2021: share of losses of Fengchi IOT amounted to S\$15,351,000) for the financial year ended 31 December 2022. The carrying amount of the investment in associated companies as at 31 December 2022 is disclosed in Note 17 to the financial statements.

If the valuation of the investment properties increased/decreased by 10%, the carrying amount of the investment in associated companies will be increased/decreased by S\$5,702,000 (2021: S\$5,105,000).

(b) *Valuation of financial assets, at FVOCI*

The fair value of the financial assets is determined by using the trading metrics (multiples) of comparable companies which are publicly-listed companies and applying discount rate to the estimated equity value to account for the lack of marketability and/or lack of control within the subject entity. The carrying amount of the financial assets, at FVOCI as at 31 December 2022 and the fair value changes for the financial year ended 31 December 2022 are disclosed in Note 16 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

POSED FOR A NEW TRAJECTORY OF GROWTH

3 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

(b) Valuation of financial assets, at FVOCI (continued)

If the estimated fair value increased/decreased by 10%, the carrying amount of the financial assets, at FVOCI will be increased/decreased by S\$429,000 (2021: S\$416,000).

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			
	Singapore	Vietnam	PRC	Total
	S\$'000	S\$'000	S\$'000	S\$'000
2022				
<u>Over time</u>				
Royalty fees	120	64	11	195
<u>Point in time</u>				
Restaurant operations	16,055	–	–	16,055
Car washing operations	–	–	59	59
	16,175	64	70	16,309
2021				
<u>Over time</u>				
Royalty fees	–	42	32	74
<u>Point in time</u>				
Restaurant operations	9,212	–	–	9,212
Rental income	–	–	63	63
Other	–	–	13	13
	9,212	42	108	9,362

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

5 OTHER INCOME

	Group	
	2022	2021
	S\$'000	S\$'000
Government grants ^(a)		
- Senior Employment Credit/Special Employment Credit	26	24
- Wage Credit Scheme	31	13
- Jobs Support Scheme	9	560
- Jobs Growth Incentive	50	–
- CPF Transition Offset	3	–
- Small Business Recovery Grant	20	–
- Rental Support Scheme	–	245
	139	842
Gain on disposal of property plant and equipment	21	23
Gain on lease modification relating to termination of the lease	9	–
Rental concession	19	62
Rental rebate	32	–
Cash rebates from suppliers	10	–
Other	22	85
	<u>252</u>	<u>1,012</u>

(a) There was no condition attached to the government grants.

6 EMPLOYEE COMPENSATION

	Group	
	2022	2021
	S\$'000	S\$'000
Salaries and bonus	4,640	4,911
Employer's contribution to defined contributions plan	521	451
Termination benefits ⁽¹⁾	60	153
Other short-term benefits	697	633
	<u>5,918</u>	<u>6,148</u>

(1) The Group has ceased the business of a subsidiary corporation, Tianjin Yixing Intelligent Washing Technology Co., Ltd. (formerly known as State Research Pavillon Financial Leasing Co., Ltd.) and has recognised the termination benefits of S\$60,000 following by the acceptance of the voluntary redundancy by the employees (2021: The Group is restructuring its leasing segment in PRC. In conjunction with the restructuring exercise, the Group has recognised the termination benefits of S\$153,000 in compliance with the Law of the People's Republic of China on Employment Contracts).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

7 FINANCE EXPENSES

	Group	
	2022	2021
	S\$'000	S\$'000
Interest expense		
- Bank overdraft	20	23
- Bank borrowings	60	49
- Lease liabilities (Note 20(b))	46	71
	<u>126</u>	<u>143</u>

8 OTHER OPERATING EXPENSES

	Group	
	2022	2021
	S\$'000	S\$'000
Advertisement	10	5
Auditor's remuneration paid/payable to:		
- Auditor of the Company	117	114
- Other auditors ^(a)	12	17
Bank charges	307	181
Cleaning	166	122
Consumables	127	71
Deposits forfeited	310	-
Entertainment	44	62
Property, plant and equipment written off	521	-
General	92	122
Insurance	17	13
Other taxes	-	1,384
Printing and stationery	35	16
Professional fees	238	127
Rental expenses (Note 20(c))	37	75
Repair and maintenance	55	48
Stamp duty	6	-
Services charge	563	495
Telecommunication	23	20
Travelling and transportation	117	72
Upkeep of motor vehicles	62	60
Utilities	484	282
Other	134	85
Total other operating expenses	<u>3,477</u>	<u>3,371</u>

(a) Includes Shanghai CLA Global TS Certified Public Accountants (formerly Shanghai Nexia TS Certified Public Accountants).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

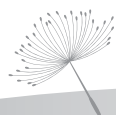
9 INCOME TAXES

(a) *Income tax expense*

	Group	
	2022	2021
	S\$'000	S\$'000
Tax expense attributable to profit/(loss) is made up of:		
Profit/(loss) for the financial year:		
- Current income tax - Singapore (Note 9(b))	96	2
- Deferred income tax (Note 26)	–	(35)
	96	(33)
Over provision of income tax in prior financial years:		
- Current income tax - Singapore (Note 9(b))	(2)	(31)
	94	(64)

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

	Group	
	2022	2021
	S\$'000	S\$'000
Profit/(loss) before income tax	1,854	(19,566)
Share of (profit)/loss of associated companies (Note 17)	(5,737)	15,351
(Loss)/profit before income tax and share of (profit)/loss of associated companies	(3,883)	(4,215)
Tax calculated at tax rate of 17% (2021: 17%)	(660)	(717)
Effects of:		
- Different tax rates in other countries	(1)	(1)
- Income not subject to tax	(105)	(101)
- Expenses not deductible for tax purposes	155	91
- Utilisation of previously unrecognised tax losses	(184)	(230)
- Deferred tax assets not recognised	891	922
- Over provision of tax in prior financial years	(2)	(31)
- Other	–	3
Tax expense/(credit)	94	(64)



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

9 INCOME TAXES (CONTINUED)

(a) *Income tax expense* (continued)

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 and capital allowance of approximately S\$16,351,000 (2021: S\$12,192,000) 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\$6,864,000 (2021: S\$4,991,000) which can only be carried forward up to 5 years.

(b) *Movement in current income tax liabilities:*

	Group	
	2022	2021
	S\$'000	S\$'000
Beginning of financial year	2	31
Tax expense (Note 9(a))	96	2
Over provision in prior financial years (Note 9(a))	(2)	(31)
End of financial year	96	2

10 LOSS PER SHARE

Basic loss per ordinary share is calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2022	2021
Loss attributable to equity holders of the Company (S\$'000)	(674)	(16,124)
Weighted average number of ordinary shares outstanding for basic earnings per share	693,306,992	387,748,700
Basic loss per share (cents per share)	(0.10)	(4.16)

The dilutive loss per share is the same as the basic loss per share as there were no dilutive potential shares.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

11 CASH AND CASH EQUIVALENTS

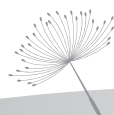
	Group		Company	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Cash at bank and on hand	3,205	5,333	17	17
Short-term bank deposits	361	1,458	–	–
	<u>3,566</u>	<u>6,791</u>	<u>17</u>	<u>17</u>

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

	Group	
	2022	2021
	S\$'000	S\$'000
Cash at bank and on hand (as above)	3,566	6,791
Less : Bank overdrafts (Note 24)	<u>(379)</u>	<u>(415)</u>
Cash and cash equivalents per consolidated statement of cash flows	<u>3,187</u>	<u>6,376</u>

Significant restrictions

Cash and cash equivalents of S\$528,000 (2021: S\$3,794,000) 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 2022

12 TRADE AND OTHER RECEIVABLES – CURRENT

	Group		Company	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Finance lease receivables				
- Non-related parties	8,531	9,391	-	-
Less: Loss allowance (Note 32(b))	(8,531)	(9,391)	-	-
Finance lease receivables - net	-	-	-	-
Trade receivables				
- Non-related parties	152	88	5	6
- Subsidiary corporations	-	-	400	373
	152	58	405	379
Less: Loss allowance (Note 32(b))	-	-	(49)	(49)
Trade receivables – net	152	88	356	330
Other receivables				
- Non-related parties ^(a)	6,714	7,441	-	17
- Subsidiary corporations ^(b)	-	-	4,074	3,751
- Associated company ^(c)	1,586	-	-	-
	8,300	7,441	4,074	3,768
Less: Loss allowance (Note 32(b))	(6,698)	(7,374)	(3,353)	(3,353)
Other receivables - net	1,602	67	721	415
Prepayments	19	686	2	27
Deposits	100	74	-	-
Staff loans (Note 15)	8	26	-	-
	1,881	941	1,079	772

Included in other receivables are the following:

- (a) Amount due from a non-related parties includes a loan amounting to S\$6,698,000 (2021: S\$7,374,000), equivalent to RMB34,653,000 (2021: RMB34,653,000). The loan is secured by various personal assets from the non-related party with interest rate fixed at 10% (2021: 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 expected credit risk of the receivable had heightened hence, the receivable amount has been fully impaired in the financial year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

12 TRADE AND OTHER RECEIVABLES – CURRENT (CONTINUED)

- (b) Amount due from subsidiary corporations which are non-trade in nature, are unsecured, interest-free and repayable on demand.
- (c) The loan to an associated company is unsecured, bears interest rate at 5% per annum and is repayable in full by 31 December 2022. On 20 February 2023, the associated company has repaid S\$1,547,000.

13 INVENTORIES

	Group	
	2022	2021
	S\$'000	S\$'000
Processed inventories	823	620
Raw materials	611	30
	<u>1,434</u>	<u>650</u>

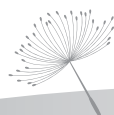
The cost of inventories recognised as an expense presented on the Consolidated Statement of Comprehensive Income amounted to S\$5,797,000 (2021: S\$3,322,000).

14 OTHER RECEIVABLES – NON-CURRENT

	Group		Company	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Deposits	398	405	–	–
Loan to an associated company ^(a)	39,251	–	39,251	–
Staff loans (Note 15)	6	12	–	–
	<u>39,655</u>	<u>417</u>	<u>39,251</u>	<u>–</u>

- (a) The loan to an associated company is unsecured, bears interest rate at 5% per annum and will be repayable in full by 12 August 2025. The loan is used to repay the bank loan and amount due to a creditor of the associated company in respect of the construction of the logistic hub of the aforesaid associated company in Tianjin, People's Republic of China.

The fair values of non-current 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:



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

14 OTHER RECEIVABLES – NON-CURRENT (CONTINUED)

	Group			
	Borrowing rates		Fair value	
	2022	2021	2022	2021
	%	%	\$	\$
Deposits	1.74	0.10	379	403
Loan to an associated company	5.00	–	33,906	–
Staff loans	5.00	5.25	3	8

	Company			
	Borrowing rates		Fair value	
	2022	2021	2022	2021
	%	%	\$	\$
Loan to an associated company	5.00	–	33,906	–

15 STAFF LOANS

	Group	
	2022	2021
	S\$'000	S\$'000
Receivables due		
- Within one year (Note 12)	8	26
- Between one year and five years (Note 14)	6	12
	<u>14</u>	<u>38</u>

Staff loans are unsecured, interest-free and repayable by instalments which will be repayable in full by 30 November 2024.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

16 FINANCIAL ASSETS, AT FVOCI

	Group	
	2022	2021
	S\$'000	S\$'000
Unquoted equity security – Lingbao Gold Group Co., Ltd. ("Lingbao")		
Beginning of financial year	4,162	4,220
Fair value gains/(losses) (Note 28(b)(iii))	132	(58)
End of financial year	<u>4,294</u>	<u>4,162</u>

The financial asset, at FVOCI represents 1.15% (2021: 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.

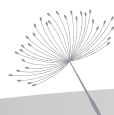
17 INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2022	2021
	S\$'000	S\$'000
<u>Investments at equity accounting</u>		
Beginning of financial year	7,818	22,218
Currency translation differences	(592)	951
Share of profit/(loss) of associated companies	5,737	(15,351)
End of financial year	<u>12,963</u>	<u>7,818</u>

During the financial year ended 31 December 2022, a subsidiary corporation of the Company – Tianjin Lanting Leasing Co., Ltd. (formerly known as Pavillon Financing Leasing Co., Ltd.) had transferred its entire 49% equity interest held in Fengchi IOT Management Co., Ltd. to another subsidiary corporation of the Company – Tianjin Pavillon Assets Management Co., Ltd. for a cash consideration of RMB 90 million.

Set out below are the associated companies which are material to the Group.

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 2022

POSED FOR A NEW TRAJECTORY OF GROWTH

17 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Name of associated companies	Principal activities	Place of business / country of incorporation	% of ownership interest	
			2022	2021
<u>Held through Tianjin Pavillon Assets Management Co., Ltd.</u> <u>(2021: Tianjin Lanting Leasing Co., Ltd. (Formerly known as</u> <u>Pavillon Financial Leasing Co., Ltd.))</u>				
Fengchi IOT Management Co., Ltd. ("Fengchi IOT") ^(a)	Warehouse and logistic management	PRC	49	49
<u>Held through Fengchi IOT</u>				
Tianjin Fengyu Corporate Secretarial Co., Ltd. ^(b)	Provision of corporate secretarial services	PRC	49	49

(a) Audited by Shanghai CLA Global TS Certified Public Accountants (formerly Shanghai Nexia TS Certified Public Accountants).

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

Set out below are the summarised financial information for associated companies, which comprise of Fengchi IOT and its subsidiary corporation, Tianjin Fengyu Corporate Secretarial Co., Ltd.

Summarised statement of financial position

	2022	2021
	S\$'000	S\$'000
Current		
Assets	8,923	5,870
Liabilities	(59,850)	(42,310)
Total net current liabilities	(50,927)	(36,440)
Non-current		
Assets	116,633	106,743
Liabilities	(39,251)	(54,349)
Total net non-current assets	77,382	52,394
Net assets	26,455	15,954

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

17 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

Reconciliation of summarised financial information

	2022	2021
	S\$'000	S\$'000
Net assets	26,455	15,954
Proportion of the Group's ownership	49%	49%
Carrying value of the Group's interest in the associated companies	12,963	7,818

Summarised statement of comprehensive income

	2022	2021
	S\$'000	S\$'000
Revenue	5,376	103
Total comprehensive income/(loss), representing net profit/(loss)	11,709	(31,329)

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.

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2022	2021
	S\$'000	S\$'000
<i>Cost</i>		
Beginning of financial year	33,611	33,611
Addition	10	–
End of financial year	33,621	33,611
<i>Accumulated impairment losses</i>		
Beginning of financial year	(20,159)	(6,053)
Impairment for the financial year	(980)	(14,106)
End of financial year	(21,139)	(20,159)
	12,482	13,452

During the financial year ended 31 December 2022, the Company incorporated a wholly-owned subsidiary corporation, Pavillon Global Pte. Ltd. in Singapore, with an initial issued and paid-up share capital of S\$10,000.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

2022

The impairment test assessment was carried out by management as at 31 December 2022 for the subsidiary corporation – Tianjin Yixing Intelligent Washing Technology Co., Ltd. The recoverable amount was determined based on the fair values of the underlying assets and the liabilities of the subsidiary corporation which has indicated that the recoverable amount for the investment is lower than its carrying amount. Consequently, due to weak financial performance, the Company recognised impairment of investments in subsidiary corporations amounted to S\$980,000 during the financial year ended 31 December 2022.

2021

The impairment test assessment was carried out by management as at 31 December 2021 for the subsidiary corporation – Tianjin Lanting Leasing Co., Ltd. (formerly known as Pavillon Financial Leasing Co., Ltd.). The recoverable amount was determined based on the fair values of the underlying assets and the liabilities of the subsidiary corporation which has indicated that the recoverable amount for the investment is lower than its carrying amount. Consequently, due to weak business outlook, the Company recognised impairment of investments in subsidiary corporations amounted to S\$14,106,000 during the financial year ended 31 December 2021.

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

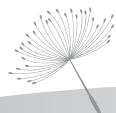
Name	Principal activities	Country of business / incorporation	Proportion of ordinary shares held by the Company		Proportion of ordinary shares held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2022	2021	2022	2021	2022	2021
			%	%	%	%	%	%
Held by the Company								
Thai Village Restaurant Pte. Ltd. ^(a)	Operation of restaurants	Singapore	100	100	100	100	–	–
Thai Village Pte. Ltd. ^(a)	Operation of restaurants and food stalls	Singapore	100	100	100	100	–	–
Pavillon Global Pte. Ltd. ^(d)	Trading, distribution, import and export of food products	Singapore	100	–	100	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

18 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	
			2022	2021	2022	2021	2022	2021
			%	%	%	%	%	%
Held by the Company								
Tianjin Lanting Leasing Co., Ltd. (formerly known as Pavillon Financial Leasing Co., Ltd.) ^(b)	Leasing of all types of goods, which may include machinery, tools, equipment, devices, vehicles and instruments and wholesale and retail of auto parts	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	–	–
Tianjin Yixing Intelligent Washing Technology 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. ^(c)	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	-	-



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

- (a) Audited by CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation)
 (b) Audited by Shanghai CLA Global TS Certified Public Accountants (formerly Shanghai Nexia TS Certified Public Accountants) for consolidation purposes.
 (c) The subsidiary corporation is dormant and is exempted from audit by law in the country of incorporation. It is not significant to the Group.
 (d) Incorporated on 20 September 2022 and not required to be audited by law in the country of incorporation.

Carrying value of non-controlling interests

	2022	2021
	S\$'000	S\$'000
Tianjin Lanting Leasing Co., Ltd. (formerly known as Pavillon Financial Leasing Co., Ltd.)	3,886	1,449
Tianjin Yixing Intelligent Washing Technology Co., Ltd.	686	988
Total	4,572	2,437

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

	Tianjin Lanting Leasing Co., Ltd. (formerly known as Pavillon Financial Leasing Co., Ltd.)		Tianjin Yixing Intelligent Washing Technology Co., Ltd.	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Current				
Assets	17,490	346	5,712	8,162
Liabilities	(5,606)	(6,298)	(3)	(97)
Total current net assets/(liabilities)	11,884	(5,952)	5,709	8,065
Non-current				
Assets	8,223	15,911	11	313
Liabilities	–	–	–	(146)
Total non-current net assets	8,223	15,911	11	167
Net assets	20,107	9,959	5,720	8,232

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

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

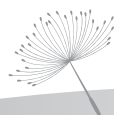
Summarised statement of comprehensive income

	Tianjin Lanting Leasing Co., Ltd. (formerly known as Pavillon Financial Leasing Co., Ltd.)		Tianjin Yixing Intelligent Washing Technology Co., Ltd.	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	–	–	59	13
Net profit/(loss) for the financial year	11,052	(17,722)	(1,833)	(165)
Other comprehensive (loss)/ income	(904)	1,070	(679)	385
Total comprehensive income/(loss), representing net profit/ (loss) for the financial year	10,148	(16,652)	(2,512)	220

Summarised statement of cash flows

	Tianjin Lanting Leasing Co., Ltd. (formerly known as Pavillon Financial Leasing Co., Ltd.)		Tianjin Yixing Intelligent Washing Technology Co., Ltd.	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Net cash used in operating activities	(194)	(912)	(2,447)	(576)
Net cash used in investing activities	–	(3)	(470)	(330)
Net cash (used in)/provided by financing activities	–	–	(67)	252
Net decrease in cash and cash equivalents	(194)	(915)	(2,984)	(654)
Beginning of financial year	198	1,113	3,494	4,192
Effects of currency translation on cash and cash equivalents	*	*	(47)	(44)
End of financial year	4	198	463	3,494

* Amount is less than S\$1,000.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

19 Property, plant and equipment

	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	Renovation S\$'000	Construction-in-progress S\$'000	Total S\$'000
Group 2022									
<i>Cost</i>									
Beginning of financial year	5,984	2,556	339	1,762	214	32	72	5	10,964
Currency translation differences	(15)	(14)	(4)	(40)	(1)	-	(7)	-	(81)
Addition	907	7	189	-	41	-	-	479	1,623
Transfer	-	-	359	-	-	-	-	(359)	-
Lease modification	(1,133)	-	-	-	-	-	-	-	(1,133)
Disposal	-	(31)	-	-	-	-	-	-	(31)
Written off	-	(109)	(379)	-	(37)	-	(65)	(125)	(715)
End of financial year	5,743	2,409	504	1,722	217	32	-	-	10,627
<i>Accumulated depreciation</i>									
Beginning of financial year	4,237	2,214	223	1,048	201	25	16	-	7,964
Currency translation differences	(5)	(13)	(2)	(36)	(2)	-	(2)	-	(60)
Depreciation charge	1,111	29	56	255	38	3	15	-	1,507
Lease modification	(990)	-	-	-	-	-	-	-	(990)
Disposal	-	(29)	-	-	-	-	-	-	(29)
Written off	-	(104)	(31)	-	(30)	-	(29)	-	(194)
End of financial year	4,353	2,097	246	1,267	207	28	-	-	8,198
<i>Accumulated impairment loss</i>									
Beginning and end of financial year	-	188	28	-	-	4	-	-	220
<i>Net book value</i>									
End of financial year	1,390	124	230	455	10	-	-	-	2,209

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Furniture					Operating supplies	Renovation	Construction-in-progress	Total
	Leasehold properties	and fittings	Plant and machinery	Motor vehicles	Computers				
Group 2021	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost									
Beginning of financial year	5,660	2,594	299	1,742	178	32	-	-	10,505
Currency translation differences	48	8	-	20	3	-	-	-	79
Addition	265	6	45	-	33	-	72	5	426
Lease modification	11	-	-	-	-	-	-	-	11
Disposal	-	(52)	(5)	-	-	-	-	-	(57)
End of financial year	5,984	2,556	339	1,762	214	32	72	5	10,964
Accumulated depreciation									
Beginning of financial year	2,914	2,191	211	758	160	19	-	-	6,253
Currency translation differences	45	7	2	14	3	3	-	-	74
Depreciation charge	1,278	57	15	276	38	3	16	-	1,683
Disposal	-	(41)	(5)	-	-	-	-	-	(46)
End of financial year	4,237	2,214	223	1,048	201	25	16	-	7,964
Accumulated impairment loss									
Beginning and end of financial year	-	188	28	-	-	4	-	-	220
Net book value									
End of financial year	1,747	154	88	714	13	3	56	5	2,780

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

POSED FOR A NEW TRAJECTORY OF GROWTH

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 20(a) to the financial statements.

	Company	
	2022	2021
	S\$'000	S\$'000
Computers		
<i>Cost</i>		
Beginning and end of financial year	10	10
<i>Accumulated depreciation</i>		
Beginning of financial year	10	8
Depreciation charge	–	2
End of financial year	10	10
<i>Net book value</i>		
End of financial year	–	–

20 LEASES – THE GROUP AS A LESSEE

Nature of the Group's leasing activities

Office and restaurant premises

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

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 monthly payments for leasehold properties. The right-of-use of the properties are classified as Property, plant and equipment (Note 19).

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

20 LEASES – THE GROUP AS A LESSEE (CONTINUED)

Nature of the Group's leasing activities (continued)

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

	Office and restaurant premises S\$'000	Motor vehicles S\$'000	Total S\$'000
2022			
Beginning of financial year	1,428	664	2,092
Currency translation differences	(10)	–	(10)
Additions	907	–	907
Lease modification	(143)	–	(143)
Depreciation	(1,061)	(249)	(1,310)
End of financial year	1,121	415	1,536
2021			
Beginning of financial year	2,376	913	3,289
Currency translation differences	3	–	3
Additions	265	–	265
Lease modification	11	–	11
Depreciation	(1,227)	(249)	(1,476)
End of financial year	1,428	664	2,092

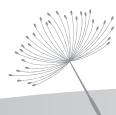
- (b) Interest expense

	2022 S\$'000	2021 S\$'000
Interest expense on lease liabilities (Note 7)	46	71

- (c) Lease expense not capitalised in lease liabilities

	2022 S\$'000	2021 S\$'000
Lease expense – short-term and low-value leases (Note 8)	37	75

- (d) Total cash outflow for all the leases in 2022 was S\$1,252,000 (2021 S\$1,400,000).



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

21 LEASES – THE GROUP AS A LESSOR

Nature of the Group's leasing activities – Group as a 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 a related party and non-related 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 2022 was S\$Nil (2021: S\$63,000).

22 TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Current</i>				
Trade payables				
- Non-related parties	688	770	–	–
Other payables				
- Non-related parties	2,104	2,213	33	23
- Subsidiary corporations	–	–	4,988	3,296
- Directors	41	68	41	68
Accruals for operating expenses	762	1,080	278	446
	2,907	3,361	5,340	3,833
	3,595	4,131	5,340	3,833
<i>Non-current</i>				
Franchise deposits	100	130	100	130
Total trade and other payables	3,695	4,261	5,440	3,963

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

22 TRADE AND OTHER PAYABLES (CONTINUED)

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	
	2022	2021
	S\$'000	S\$'000
Group and Company		
Franchise deposits	95	125
	Borrowing rates	
	2022	2021
	%	%
Group and Company		
Franchise deposits	5.00	3.75

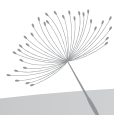
23 CONTRACT LIABILITIES

	Group	
	2022	2021
	S\$'000	S\$'000
Deferred revenue from cash vouchers sold	44	–

A reconciliation of the deferred revenue from cash vouchers sold is as follows:

	Group	
	2022	2021
	S\$'000	S\$'000
Beginning of financial year	–	–
Cash vouchers sold during the financial year	47	–
Revenue recognised during the financial year	(3)	–
End of financial year	44	–

Management expects that the unsatisfied performance obligations as at 31 December 2022 will be recognised as revenue in the next financial year as the vouchers' expiry date is 6 months from date of issue.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

24 BORROWINGS

	Group		Company	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Current				
Bank overdrafts (Note 11)	379	415	379	415
Bank borrowings	513	496	318	308
Lease liabilities	615	1,140	–	–
	<u>1,507</u>	<u>2,051</u>	<u>697</u>	<u>723</u>
Non-current				
Bank borrowings	1,018	1,518	461	766
Lease liabilities	699	623	–	–
	<u>1,717</u>	<u>2,141</u>	<u>461</u>	<u>766</u>
Total borrowings	<u>3,224</u>	<u>4,192</u>	<u>1,158</u>	<u>1,489</u>

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

	Group		Company	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
6 months or less	628	656	531	562
6 - 12 months	264	255	166	161
1 - 5 years	1,018	1,518	461	766
	<u>1,910</u>	<u>2,429</u>	<u>1,158</u>	<u>1,489</u>

(a) Fair value of non-current borrowings

	Group		Company	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Bank borrowings	<u>1,147</u>	<u>1,673</u>	<u>518</u>	<u>834</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

24 BORROWINGS (CONTINUED)

(a) Fair value of non-current borrowings (continued)

The fair value above is determined from the cash flow analysis, discounted at market borrowing rate of an equivalent instrument at the reporting date which the directors expect to be available to the Group as follows:

	Group		Company	
	2022	2021	2022	2021
	%	%	%	%
Bank borrowings	5	3 – 3.75	5	3

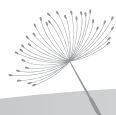
(b) Security granted

A subsidiary corporation was granted a term loan facility of S\$1,000,000 for working capital purposes from a licensed bank in Singapore. The term loan is secured by corporate guarantee of the Company (Note 31).

25 PROVISIONS

	Group	
	2022	2021
	S\$'000	S\$'000
<i>Provision for reinstatement cost</i>		
Beginning and end of financial year	198	198

Provision for reinstatement cost is 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 2022

26 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	
	2022	2021
	S\$'000	S\$'000
Deferred income tax liabilities, representing accelerated tax depreciation		
- to be settled within one year	48	48

Movement in deferred income tax liabilities account is as follows:

	Group	
	2022	2021
	S\$'000	S\$'000
Beginning of financial year	48	83
Credited to profit or loss (Note 9(a))	–	(35)
End of financial year	48	48

27 SHARE CAPITAL

	Group and Company	
	Number of shares	Issued and paid-up share capital
		S\$'000
2022		
Beginning of financial year	387,748,700	39,433
Share issued	1,047,218,560	42,936
Share issue expenses	–	(272)
End of financial year	1,434,967,260	82,097
2021		
Beginning and end of financial year	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

For the financial year ended 31 December 2022

27 SHARE CAPITAL (CONTINUED)

During the financial year ended 31 December 2022, the Company issued 1,047,218,560 new ordinary shares for a total consideration of S\$42,936,000 for cash to provide funds to an associated company for repayment of bank loan and amount due to a creditor of an associated company in respect of the construction of the logistic hub of an associated company in Tianjin, People's Republic of China.

The newly issued shares rank pari passu in all aspects with the previously issued shares.

28 OTHER RESERVES

(a) Composition:

	Group	
	2022	2021
	S\$'000	S\$'000
Capital reserve	3,478	3,478
Currency translation reserve	88	474
Fair value reserve	328	228
	<u>3,894</u>	<u>4,180</u>

(b) Movements:

	Group	
	2022	2021
	S\$'000	S\$'000
(i) Capital reserve		
Beginning and end of financial year	<u>3,478</u>	<u>3,478</u>
(ii) Currency translation reserve		
Beginning of financial year	474	(453)
Currency translation differences of financial statements of foreign subsidiary corporations	(717)	1,157
Add/(less): non-controlling interests	331	(230)
End of financial year	<u>88</u>	<u>474</u>
(iii) Fair value reserve		
Beginning of financial year	228	272
Financial assets, at FVOCI		
- Fair value gains/(losses) (Note 16)	132	(58)
(Less)/add: non-controlling interests	(32)	14
End of financial year	<u>328</u>	<u>228</u>

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

29 ACCUMULATED LOSSES

Movements in accumulated losses of the Company is as follows:

	Company	
	2022	2021
	S\$'000	S\$'000
Beginning of financial year	(30,644)	(14,759)
Net loss	(5,222)	(15,885)
End of financial year	<u>(35,866)</u>	<u>(30,644)</u>

30 COMMITMENTS

The Group has the following commitments as at the reporting date:

	Group	
	2022	2021
	S\$'000	S\$'000
Capital commitment in relations to capital injection into investments in PRC		
- Subsidiary corporations ^(a)	107,185	141,485
- Associated companies ^(b)	3,031	209
	<u>110,216</u>	<u>141,694</u>
Capital expenditure contracted but not provided for in the financial statements		
- Property, plant and equipment	<u>–</u>	<u>342</u>

(a) On 14 November 2022, the Company performed a capital reduction exercise for its subsidiary corporation, Tianjin Yixing Intelligent Washing Technology Co., Ltd. The registered capital of the subsidiary corporation was reduced from USD30,000,000 (equivalents to S\$40,379,000) to USD6,000,000 (equivalents to S\$8,076,000).

(b) During the financial year ended 31 December 2022, a subsidiary corporation of the Company – Pavillon Business Development (Shanghai) Co., Ltd. together with Shanghai Liuyu Information Technology Co., Ltd., a company where Ding Furu is the ultimate beneficial shareholder, has incorporated an entity – Da Ju Logistics (Tianjin) Co., Ltd. with registered share capital amounted to RMB30,000,000, of which 49% of the register share capital is registered under Pavillon Business Development (Shanghai) Co., Ltd. As at 31 December 2022, the Group has not made any capital contribution into Da Ju Logistics (Tianjin) Co., Ltd. and the outstanding capital commitment of the Group is S\$2,842,000 (equivalent to RMB14,700,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

31 CORPORATE GUARANTEES

Subsidiary corporation

The Company has issued corporate guarantees to a bank to secure a subsidiary corporation's bank loan (Note 24). The bank borrowings amounting to S\$752,000 (2021: S\$939,000) at the reporting date.

Associated company

A subsidiary corporation of the Company – Tianjin Lanting Leasing Co., Ltd. (formerly known as Pavillon Financing Leasing Co., Ltd.) and together with the major shareholder of Fengchi IOT has issued joint and several corporate guarantee to a bank for the bank loan of Fengchi IOT and to a creditor of Fengchi IOT for the amount due in respect of the construction of the logistic hub in Tianjin, People's Republic of China. The amount of corporate guarantee provided to Fengchi IOT as at the reporting date is as follows:

	2022 S\$'000	2021 S\$'000
Joint and several corporate guarantee to:		
- A bank ⁽¹⁾	–	60,621
- A creditor	2,693	35,508
	<u>2,693</u>	<u>96,129</u>

(1) Fengchi IOT has fully repaid the bank loan during the financial year ended 31 December 2022. Thus, Tianjin Lanting Leasing Co., Ltd. has discharged the aforesaid corporate guarantee to the bank.

These corporate guarantees were not recognised in the financial statements as no value has been placed on the guarantees, considering that the likelihood of the guaranteed parties defaulting within the guaranteed period were assessed to be remote.

32 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 2022

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk

(i) Currency risk

The Group operates mainly in Singapore and PRC. Entities in the Group regularly transact in their respective functional currencies.

The Group is not exposed to the currency transaction risk as the transactions, financial assets and financial liabilities are denominated in currency of respective country where the business domiciles and operates.

The Group is exposed to currency translation risk on the net assets of the Group's foreign operations in PRC, which are denominated in Renminbi ("RMB"). The Group do not enter into any of the hedging instruments for the purpose of hedging the translation of its foreign operations. There is no significant debt instrument denominated in foreign currency at the reporting date.

Currency risk arises when transactions are denominated in foreign currencies. To manage the currency risk, the Group minimise the transactions which are denominated in foreign currencies.

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 2022				
Financial assets				
Cash and cash equivalents	3,023	521	22	3,566
Trade and other receivables	668	40,844	5	41,517
Financial assets, at FVOCI	–	4,294	–	4,294
Intra-group receivables	9,041	24,342	–	33,383
	12,732	70,001	27	82,760
Financial liabilities				
Trade and other payables	(1,790)	(1,903)	(2)	(3,695)
Borrowings	(3,224)	–	–	(3,224)
Intra-group payables	(9,041)	(24,342)	–	(33,383)
	(14,055)	(26,245)	(2)	(40,302)
Net financial (liabilities)/assets	(1,323)	43,756	25	42,458
Add: Net financial liabilities/(assets) denominated in respective entities' functional currencies	1,323	(4,505)	(13)	(3,195)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	39,251	12	39,263

NOTES TO THE FINANCIAL STATEMENTS

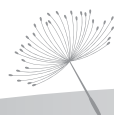
For the financial year ended 31 December 2022

32 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 2021				
Financial assets				
Cash and cash equivalents	2,980	3,787	24	6,791
Trade and other receivables	607	59	6	672
Financial assets, at FVOCI	–	4,162	–	4,162
Intra-group receivables	5,554	5,917	–	11,471
	9,141	13,925	30	23,096
Financial liabilities				
Trade and other payables	(1,930)	(2,330)	(1)	(4,261)
Borrowings	(3,962)	(230)	–	(4,192)
Intra-group payables	(5,554)	(5,917)	–	(11,471)
	(11,446)	(8,477)	(1)	(19,924)
Net financial (liabilities)/assets	(2,305)	5,448	29	3,172
Add: Net financial liabilities/(assets) denominated in respective entities' functional currencies	2,305	(5,448)	(16)	(3,159)
Currency exposure of financial assets net of those denominated in the respective entities' functional currencies	–	–	13	13



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32 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 2022				
Financial assets				
Cash and cash equivalents	17	–	–	17
Trade and other receivables	1,072	39,251	5	40,328
	1,089	39,251	5	40,345
Financial liabilities				
Trade and other payables	(5,440)	–	–	(5,440)
Borrowings	(1,158)	–	–	(1,158)
	(6,598)	–	–	(6,598)
Net financial (liabilities)/assets	(5,509)	39,251	5	33,747
Add: Net financial liabilities denominated in the Company's functional currency	5,509	–	–	5,509
Currency exposure of financial assets	–	39,251	5	39,256
31 December 2021				
Financial assets				
Cash and cash equivalents	17	–	–	17
Trade and other receivables	739	–	6	745
	756	–	6	762
Financial liabilities				
Trade and other payables	(3,963)	–	–	(3,963)
Borrowings	(1,489)	–	–	(1,489)
	(5,452)	–	–	(5,452)
Net financial (liabilities)/assets	(4,696)	–	6	(4,690)
Add: Net financial liabilities denominated in the Company's functional currency	4,696	–	–	4,696
Currency exposure of financial assets	–	–	6	6

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) *Currency risk* (continued)

If the RMB changes against the SGD by 9% (2021: 5%) with all other variables including tax rate being held constant, the effect arising from the net financial assets position of the Group and the Company will be S\$2,932,000 (2021: no significant effect).

(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 and 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.

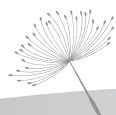
The security is unquoted share and the fair value is within level 2 of the fair value hierarchy. If price for the unquoted share had changed by 10% (2021: 10%) the effects on other comprehensive income would have been increase/decrease by S\$429,400 (2021: S\$416,200).

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.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

POSED FOR A NEW TRAJECTORY OF GROWTH

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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 2022 and 2021.

The finance lease receivables of the Group comprise 1 debtor (2021: 1 debtor) that individually represented 99% (2021: 99%) of finance lease receivables, which has been fully impaired.

The other receivables of the Group comprise 1 debtor (2021: 1 debtor) that individually represented 81% (2021: 99%) of other receivables, which has been fully impaired.

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 statement of financial position, except as follows:

	Group	
	2022	2021
	S\$'000	S\$'000
Joint and several corporate guarantees provided to a bank for an associated company's bank loan	–	60,621
Joint and several corporate guarantees provided to a creditor of an associated company	2,693	35,508
	Company	
	2022	2021
	S\$'000	S\$'000
Corporate guarantees provided to a bank for subsidiary corporation's bank loan	752	939

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

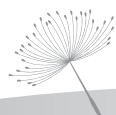
The movement in credit loss allowance are as follows:

	Finance lease receivables	Group Other receivables	Total
	S\$'000	S\$'000	S\$'000
2022			
Beginning of financial year	9,391	7,374	16,765
Currency translation differences	(860)	(676)	(1,536)
End of financial year (Note 12)	8,531	6,698	15,229
2021			
Beginning of financial year	8,645	7,034	15,679
Currency translation differences	746	340	1,086
End of financial year (Note 12)	9,391	7,374	16,765
		Company	
	Trade receivables	Other receivables	Total
	S\$'000	S\$'000	S\$'000
2022 and 2021			
Beginning and end of financial year (Note 12)	49	3,353	3,402

(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.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(i) *Finance lease receivables* (continued)

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 2022 and 2021 are set out in the provision matrix as follows:

	Group		
	Gross amount	Loss allowance	Carrying amount
	S\$'000	S\$'000	S\$'000
<u>Finance lease receivables</u>			
2022			
Not past due	–	–	–
> 365 days past due	8,531	(8,531)	–
	8,531	(8,531)	–
2021			
Not past due	–	–	–
> 365 days past due	9,391	(9,391)	–
	9,391	(9,391)	–

(ii) *Other receivables*

The Group uses the general approach to measure the loss allowance for other receivables. 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 2022 and 2021, the Group performed an assessment of impairment and concluded the loss allowance is adequate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(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 has been recognised during the financial year ended 31 December 2021 as there is no reasonable ground to recover the receivables from the subsidiary corporation. As at 31 December 2022 and 2021, the Group performed an assessment of impairment and concluded the loss allowance is adequate.

(iv) *Cash and cash equivalents*

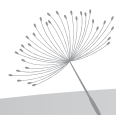
The Group and the Company held cash and cash equivalents only with reputable licensed financial institutions with high credit-ratings and considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

(v) *Financial guarantee contracts*

The Group and the Company have issued financial guarantees to banks for borrowings of a subsidiary corporation and Fengchi IOT, and to a creditor of Fengchi IOT for the amount due in respect of the construction of the logistic hub in Tianjin, People's Republic of China (Note 31). These guarantees are subject to the impairment requirement of SFRS(I) 9. The Group and the Company has assessed that its subsidiary corporation and Fengchi IOT have the ability to meet the contractual cash flow obligations in the near future. Hence, the Group and the Company do not expect significant credit losses arising from these guarantees.

(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 11 to the financial statements.



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (continued)

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.

	Within 1 year	Between 1 and 5 years	Over 5 years
	S\$'000	S\$'000	S\$'000
Group			
At 31 December 2022			
Trade and other payables	3,595	100	–
Lease liabilities	652	724	–
Borrowings (excluding lease liabilities)	935	1,058	–
Financial guarantee contracts	2,693	–	–
	<u>7,875</u>	<u>1,882</u>	<u>–</u>
At 31 December 2021			
Trade and other payables	4,131	130	–
Lease liabilities	1,179	634	6
Borrowings (excluding lease liabilities)	971	1,601	–
Financial guarantee contracts	41,780	54,349	–
	<u>48,061</u>	<u>56,714</u>	<u>6</u>
Company			
At 31 December 2022			
Trade and other payables	5,340	100	–
Borrowings	716	472	–
Financial guarantee contracts	195	557	–
	<u>6,251</u>	<u>1,129</u>	<u>–</u>
At 31 December 2021			
Trade and other payables	3,833	130	–
Borrowings	756	796	–
Financial guarantee contracts	188	751	–
	<u>4,777</u>	<u>1,677</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

32 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	
	2022	2021
	S\$'000	S\$'000
Net debt	3,353	1,662
Total equity	58,697	14,858
Total capital	62,050	16,520
Gearing ratio	5%	10%

	Company	
	2022	2021
	S\$'000	S\$'000
Net debt	6,581	5,435
Total equity	46,231	8,789
Total capital	52,812	14,224
Gearing ratio	12%	38%

The Group and the Company are not subject to externally imposed capital requirements for the financial years ended 31 December 2022 and 2021 respectively.

(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 for 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).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

POSED FOR A NEW TRAJECTORY OF GROWTH

32 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements (continued)

Group	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
2022				
Financial assets, at FVOCI	–	4,294	–	4,294
2021				
Financial assets, at FVOCI	–	4,162	–	4,162

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

In financial years ended 31 December 2022 and 2021, 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.

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:

	2022 Group		2021 Company	
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets at amortised cost	45,083	7,463	40,345	762
Financial assets at FVOCI	4,294	4,162	–	–
Financial liabilities at amortised cost	6,919	8,453	6,598	5,452

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

33 RELATED PARTY TRANSACTIONS

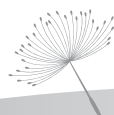
In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Transactions with related parties

	Group	
	2022	2021
	S\$'000	S\$'000
<i>Associated company</i>		
Interest income	630	–
Rental income	–	28

(b) Key management personnel compensation

	Group	
	2022	2021
	S\$'000	S\$'000
<u>Directors of the Company</u>		
Salaries, allowance and bonus	476	900
Employer's contribution to defined contributions plan	18	24
Other short-term benefits	56	185
	<u>550</u>	<u>1,109</u>
<u>Other key management personnel</u>		
Salaries, allowance and bonus	993	1,332
Employer's contribution to defined contributions plan	117	108
Other short-term benefits	62	68
	<u>1,172</u>	<u>1,508</u>



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34 SEGMENT INFORMATION

For management purposes, the Group is organised into the following reportable operating segments for the financial year ended 31 December 2021:

- 1) Food and beverages operations, which mainly related to the operation of restaurant outlets, and collection of royalty fees from the franchised restaurants;
- 2) Leasing operations, which mainly relates to equipment and car leasing;
- 3) Properties operations, which mainly relates to the investment in the associated company which operating the logistics hub in Tianjin, PRC;
- 4) All other segments, which mainly relate to management fees from related companies within the Group.

During the financial year ended 31 December 2022, management has reassessed the reportable operating segments due to the Group begun its car washing business in PRC, whilst the contribution of leasing operations became insignificant to the Group. The latest reportable operating segments is organised as follows:

- 1) Food and beverages operations, which mainly related to the operation of restaurant outlets, and collection of royalty fees from the franchised restaurants;
- 2) Car washing operations, which mainly related to car washing services using artificial intelligent machines. However, the operations was ceased in September 2022 due to the market response to the business has been poor;
- 3) Properties operations, which mainly relates to the investment in the associated company which operating the logistics hub in Tianjin, PRC;
- 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.

The Board 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.

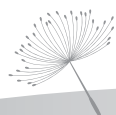
NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34 SEGMENT INFORMATION (CONTINUED)

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

	Food and beverages	Car washing	Properties	All other segments	Eliminations	Notes	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000
2022							
Revenue							
Sales to external parties	16,250	59	–	–			16,309
Inter-segment sales	–	–	–	1,579	(1,579)	A	–
Results							
Segment profit/(loss)	3,739	(1,833)	5,821	(5,967)	–		1,760
Share of profit of associated companies	–	–	5,737	–	–		5,737
Interest income	–	36	39	591	–		666
Depreciation of property, plant and equipment	(1,372)	(134)	–	(1)	–		(1,507)
Segment assets	13,640	5,723	14,551	80,328	(48,240)	B	66,002
<i>Segment assets includes:</i>							
Investment in associated companies	–	–	12,963	–	–		12,963
Additions to:							
Property, plant and equipment	1,117	506	–	–	–		1,623
Segment liabilities	7,840	3	20,607	13,860	(35,005)	B	7,305



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

POSED FOR A NEW TRAJECTORY OF GROWTH

34 SEGMENT INFORMATION (CONTINUED)

	Food and beverages	Leasing	Properties	All other segments	Eliminations	Notes	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000
2021							
Revenue							
Sales to external parties	9,286	–	63	13	–		9,362
Inter-segment sales	–	–	–	918	(918)	A	–
Results							
Segment profit/(loss)	359	(2,453)	(15,546)	(1,862)	–		(19,502)
Share of loss of associated companies	–	–	(15,351)	–	–		(15,351)
Interest income	–	77	–	–	–		77
Depreciation of property, plant and equipment	(1,399)	(69)	(213)	(2)	–		(1,683)
Segment assets	11,573	24,432	2,002	28,347	(42,795)	B	23,559
<i>Segment assets includes:</i>							
Investment in associated companies	–	7,818	–	–	–		7,818
Additions to:							
Property, plant and equipment	39	387	–	–	–		426
Segment liabilities	7,933	6,541	3,723	5,452	(14,948)	B	8,701

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

34 SEGMENT INFORMATION (CONTINUED)

Notes:

- A Inter-segment revenues are eliminated on consolidation.
- B The elimination in relating to segment assets and segment liabilities are inter-segment transactions.

Geographical information:

Revenue of the Group are mainly derived from (i) provision of food and beverage which operates in Singapore; and (ii) car wash services which operates in PRC.

	Revenue		Non-current assets	
	2022	2021	2022	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	16,175	9,212	2,158	2,413
PRC	70	108	13,014	8,185
Others	64	42	–	–
	<u>16,309</u>	<u>9,362</u>	<u>15,172</u>	<u>10,598</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:

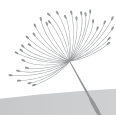
The Group does not have revenue concentration risk from any one or more customers. Revenue is spread over large number of customers.

35 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, 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 2023 and which the Group has not early adopted.

Effective for annual periods beginning on or after 1 January 2023

- SFRS(I) 17 Insurance Contracts
- Amendments to SFRS(I)17
- Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 Disclosure of Accounting Policies



NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2022

POSED FOR A NEW TRAJECTORY OF GROWTH

35 NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

Effective for annual periods beginning on or after 1 January 2023 (continued)

- Amendments to SFRS(I) 1-8 Definition of Accounting Estimates
- Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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.*

36 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 11 April 2023.

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 2022, 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

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.

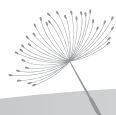
Provision 1.1: Principal functions of the Board

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).

All Directors have objectively discharged their duties and responsibilities at all times as fiduciaries in the best interests of the Company for the financial year ended 31 December 2022.



CORPORATE GOVERNANCE REPORT

Provision 1.2: Directors' orientation and training

Newly appointed Director will undergo an orientation briefing to be familiar with the Group's business strategies, organisational structure and operations. Mr Ding Furu and Mr Fan Bin, Directors who were appointed on 4 November 2022 without prior experience as director of a listed company, had completed mandatory training for new directors conducted by the Singapore Institute of Directors ("SID") and course on sustainability matters. Directors based in Singapore have completed the course on sustainability matters as required under Rule 720 of the Listing Manual of the SGX-ST ("Listing Manual").

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.

Directors are encouraged to attend programmes organized by the Accounting and Corporate Regulatory Authority and the Singapore Institute of Directors.

Provision 1.3: Matters requiring Board's approval

The Board has a matrix of approval which sets out the approval limits of the Management and matters that specifically require Board's guidance. The Board's approval is required for matters include, but are not limited to such matters as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, acceptances of bank facilities, annual budget, proposal of dividends, approval of Statement by Directors and audited financial statements, the release of the Group's half-yearly financial updates and full-year financial results, and interested person transactions of a material nature and other significant corporate actions. The Board communicates matrix of approval with the Management, and it is updated as the business grows.

Provision 1.4: Delegation by the Board

The Board has delegated specific authority to various Board Committees, namely, the Audit and Risk Committee ("ARC"), Nominating Committee ("NC") and Remuneration Committee ("RC"), which would make recommendations to the Board. On 21 February 2023, the Audit Committee has been renamed as Audit and Risk Committee to reflect the additional responsibility of risk governance.

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.

CORPORATE GOVERNANCE REPORT

Provision 1.5: Board meetings, attendance and multiple commitments

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 2022 to 31 December 2022 ("FY2022"), 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	4	4	2	2 ⁽¹⁾	1	1 ⁽¹⁾	1	1 ⁽¹⁾
Lee Tong								
Soon ⁽²⁾	2	2	1	1 ⁽¹⁾	1	1 ⁽¹⁾	1	1 ⁽¹⁾
Ko Chuan Aun ⁽³⁾	4	4	2	2	1	1	1	1
Lim Ho Heng ⁽⁴⁾	2	2	1	1	1	1	1	1
Jo-Anne								
Chang ⁽⁵⁾	2	2	1	1	1	1	1	1
Francis Lee								
Fook Wah ⁽⁶⁾	1	1	1	1	–	–	–	–
Kong Weili ⁽⁷⁾	1	1	1	1	–	–	–	–
Ding Furu ⁽⁸⁾	–	–	–	–	–	–	–	–
Fan Bin ⁽⁸⁾	–	–	–	–	–	–	–	–

CORPORATE GOVERNANCE REPORT

- (1) Attended the meeting as an invitee.
- (2) Mr Lee Tong Soon retired at the AGM held on 26 April 2022 and ceased as Managing Director of the Company.
- (3) Mr Ko Chuan Aun resigned as Independent Director of the Company on 5 August 2022.
- (4) Mr Lim Ho Heng retired at the AGM held on 26 April 2022 and ceased as Chairman of the ARC and a member of the NC and RC.
- (5) Ms Jo-Anne Chang resigned as a Non-Executive Non-Independent Director of the Company on 11 April 2022 and ceased as a member of the ARC, RC and NC
- (6) Mr Francis Lee Fook Wah was appointed as a Director on 6 May 2022. On 4 November 2022, Mr Francis Lee Fook Wah was re-designated as Chairman of the NC and RC after his appointment as a member of NC and RC on 22 June 2022. He was appointed as a member of the ARC on 22 June 2022.. There was no NC and RC meeting held in FY2022 since he was a Chairman of NC and RC.
- (7) Mr Kong Weili was appointed as a Director on 22 June 2022. On 22 June 2022, Mr Kong Weili was appointed as Chairman of the ARC and a member of the NC and RC. There was no NC and RC meeting held in FY2022 since he was a member of NC and RC.
- (8) Each Mr Ding Furu and Mr Fan Bin was appointed as Non-Executive Non Independent Directors of the Company on 4 November 2022.

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.

Provision 1.6: Access to information

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.

Detailed board papers and related materials will be prepared for each meeting of the Board. The Board papers include sufficient information and background relating to business environment, industry, financial, business and corporate issues to enable the Directors to be properly briefed on issues to be considered at Board meetings. The Directors are given board papers in advance of meetings for them to be adequately prepared for the meeting and key management personnel (who are not executive directors) are in attendance at Board and Board Committee meetings, whenever necessary. This enables the Board to make informed assessments of the Company's performance and prospects

Provision 1.7: Access to Management, Company Secretary and External Advisers

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.

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.

CORPORATE GOVERNANCE REPORT

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.

Provision 2.1: Board Independence

Provision 2.2: Majority Independent Directors where Chairman is not independent

Provision 2.3: Majority Non-Executive Directors in a Board

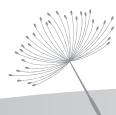
Presently, the Board comprises one (1) Executive Director, two (2) Independent Directors and two (2) Non-Executive Non-Independent Directors. Independent Directors make up one-third of the Board while Non-Executive Directors make up a majority of the Board.

The Company has a strong element of oversight on the Board with a majority of Non-Executive Directors representing four out of the total of five Board members. The Board considers the management and oversight functions appropriate, with Executive Director heavily involved in management activities of the Company, while Non-Executive Directors oversee these activities. Two of the Non-Executive Directors are deemed Non-Independent. Mr Ding Furu and Mr Fan Bing were nominated by the new subscriber, New Development Hotel Management Pte. Ltd. under the subscription agreement. However, these interests do not preclude them from exercising their oversight function in the Board and providing diversity of thought in discussions to form decisions to increase shareholders' value in the best interests of the Company. Notwithstanding that the Chairman is not independent and Independent Directors do not make up a majority of the Board, the Board is satisfied that the existing Board with Executive Director involved in management and Non-Executive Directors exercising oversight function contributes to strategic discussions, so the Board is able to make decisions in the best interests of the Company.

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 definition in the Code and Listing Manual 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.

According to the Code and Listing Manual, 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



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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.

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 FY2022.

In 2022, the Non-Executive Directors including the Independent Directors had met once without the presence of the Management.

Provision 2.4: Board composition and diversity

The current Board of Directors (the "Board") comprises the following members: -

Dr. John Chen Seow Phun	Executive Chairman
Francis Lee Fook Wah	Lead Independent Director
Kong Weili	Independent Director
Ding Furu	Non-Executive Non-Independent Director
Fan Bin	Non-Executive Non-Independent Director

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 and age.

The Board has adopted a Board Diversity Policy and works towards implementing the objectives of a diverse Board to enhance its performance and work towards its long-term objectives. A diverse Board will enhance the decision-making process of the Board through perspectives derived from the various skills, industry and business experiences, gender, age, geographies, tenures of service and other distinctive qualities of the Directors. The Board will look into implementing diversity on its Board.

The Company has operations in Singapore and People's Republic of China ("PRC"). Geographical diversity for Board members is important allowing the Board to understand and manage risks and opportunities effectively. The number of Non-Executive Non-Independent Directors, whose principal country of residence in PRC has increased to two.

The Board comprises directors with diverse range of skills and knowledge with experiences in different industry brings depth to Board discussion which eventually forms corporate strategy for the Company. The Board comprises Directors who comes from various professions. These include accounting or finance, business and management experience. Specific expertise and experience of Directors are set out in the Board of Directors section.

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The Company went through Board refreshment progressively with the appointment of directors in 2022. The current Board composition comprised one (1) executive director, two (2) independent directors appointed in 2022 and two (2) new directors nominated by the new subscriber. Diversity in terms of interests in the Board coming together for the common long-term objectives brings fresh perspective, problem-solving abilities and inventiveness that could benefit the Company in the long-term.

The current Board was formed less than a year. The NC will intentionally include female candidates in the search for board candidate in the future and is committed to advance female candidates, who met the required skills and experiences, for appointment as a Director. The candidates will be considered against objective criteria, having due regard for the benefits of diversity balanced with the needs of the Board.

The NC has not recommended any measurable quantitative objectives in relation to diversity to be adopted at this juncture. The NC reviews its targets for diversity from time to time and may recommend changes or additional targets to achieve greater diversity.

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.

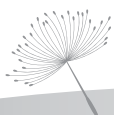
Provision 3.1: Separation of the role of the Chairman and the CEO

Provision 3.2: Role of the Chairman and the CEO

Prior to the retirement of the Managing Director, Mr Lee Tong Soon on 26 April 2022, there is a clear separation of the roles and responsibilities of the Executive Chairman and Managing Director of the Group. Currently, Dr John Chen Seow Phun ("Dr Chen") is the Executive Chairman of the Company and he is not an Independent Director. Dr Chen oversees the business direction, long term strategic planning and the overall management and operations of the Group. There is no Chief Executive Officer ("CEO") in the Company. Our business and operations are presently under the management and close supervision of Dr Chen, who is assisted by a team of Key Management Personnel. The Key Management Personnel is responsible for the Company's corporate and business strategies and policies, and the conduct of the Group's businesses.

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 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;



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- 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 is 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.

Provision 3.3: Lead Independent Director

The Board has appointed Mr Francis Lee Fook Wah 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.

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.

Provision 4.1 and 4.2: Roles and composition of the NC

The NC comprises three (3) members, a majority of whom are Independent Directors. As at date of this report, the 3 members of the NC are Mr Francis Lee Fook Wah (Chairman), Mr Ding Furu and Mr Kong Weili. The NC is chaired by Mr Francis Lee Fook Wah, 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.

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;

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- (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) 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
- (h) reviewing training and professional development programs for the Board.

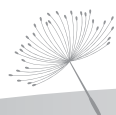
Summary of NC activities in 2022 as set out below:

- 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
- Considered recommendations for new Director, review their qualifications and meet with such candidates, before a decision is made on a selection.
- 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.

Provision 4.3: Board Renewal

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



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competencies required by the Code. When a potential candidate is proposed, the NC will interview the candidate and make its recommendation to the Board. 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 at the forthcoming AGM are Mr Francis Lee Fook Wah, Mr Kong Weili, Mr Ding Furu and Mr Fan Bin. Mr Francis Lee Fook Wah, Mr Kong Weili, Mr Ding Furu and Mr Fan Bin are retiring pursuant to Regulation 117 as they were appointed as Directors on 6 May 2022, 22 June 2022 and 4 November 2022 respectively. Mr Francis Lee Fook Wah, Mr Kong Weili, Mr Ding Furu and Mr Fan Bin had indicated their intention to seek re-election at the forthcoming AGM. The NC has reviewed the performance and level of contribution of Mr Francis Lee Fook Wah, Mr Kong Weili, Mr Ding Furu and Mr Fan Bin and recommended re-election of each of the director at the forthcoming AGM. The Board had concurred with the NC and accepted the recommendation for re-election of Mr Francis Lee Fook Wah, Mr Kong Weili, Mr Ding Furu and Mr Fan Bin as directors.

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

Provision 4.4: Independence review of Directors

The Board, taking into account the nature of operations of the Company and the recommendation of the NC, considers Mr Francis Lee Fook Wah and Mr Kong Weili 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.

Provision 4.5: Directors' time commitments and multiple Directorships

The NC ensures that all newly-appointed Directors are aware of their duties and obligations. 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.

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

Name of Director	John Chen Seow Phun
Age	69
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	26 April 2022
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	<p><u>The Company</u> 23,163,525 Shares</p> <p>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>
Subsidiaries of the Group	Nil
Principal Commitments including Directorships	<p><u>Past Directorships</u> National University Health System Pte Ltd Fu Yu Corporation Limited (Resigned on 5 July 2021) Hong Lai Huat Group Limited (Resigned on 1 January 2022) Pavillon Business Development (Shanghai) Co. Ltd. (Resigned on 15 November 2022)</p> <p><u>Present Directorships</u> JCL Business Development Pte Ltd Unigold Asia Limited OKP Holdings Limited Hiap Seng Engineering Ltd PSC Corporation Ltd (f.k.a Hanwell Holdings Ltd) Matex International Limited SAC Capital Private Limited Tat Seng Packaging Group Ltd JLM Foundation Ltd SAC Advisors Pte Ltd Tianjin Lanting Leasing Co., Ltd (f.k.a. Pavillon Financial Leasing Co., Ltd.) Fengchi IOT Management Co., Ltd. Sinostar Pec Holdings Ltd</p> <p><u>Other Principal Commitments</u> Nil</p>

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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

Name of Director	Francis Lee Fook Wah
Age	57
Country of principal residence	Singapore
Date of first appointment as director	6 May 2022
Date of last re-election as director	Nil Due for retirement and seeking 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 Mr Lee's contribution and performance as Independent Director of the Company.
Job Title	Lead Independent Director, Chairman of the Remuneration Committee and Nominating Committee and a member of the Audit and Risk Committee.
Board Committees Served	Chairman of the Nominating Committee and Remuneration Committee Member of Audit and Risk Committee
Professional qualifications	Mr Lee graduated from the National University of Singapore with a Bachelor's degree in Accountancy and obtained a Master's degree in Business Administration (Investment and Finance) from the University of Hull, UK. Mr Lee is a Chartered Accountant and a Non-Practising member of the Institute of Singapore Chartered Accountants. He is also a member of the Singapore Institute of Directors.
Shareholding in the Company and its subsidiaries	<u>The Company</u> Nil <u>Subsidiaries of the Group</u> Nil

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<p>Principal Commitments including Directorships</p>	<p>Past Directorships</p> <ol style="list-style-type: none"> 1) Sheng Siong Group Ltd 2) JES International Holdings Limited 3) Metech International Limited 4) Glory Capital Pte Ltd 5) Wise Alliance Investments Ltd 6) Lee Thong Hung Trading & Transport Sdn Bhd 7) Blackgold Megatrade Pte Ltd 8) Tengda Industrial Property (Suzhou) Co Ltd 9) Freight Links Co Ltd 10) Fervent Industrial Development (Ningbo) Co Ltd 11) Fervent III Developments Pte Ltd 12) Freight Links M&S (H.K.) Ltd <p>Present Directorships</p> <ol style="list-style-type: none"> 1) Vibrant Group Ltd 2) Net Pacific Financial Holdings Ltd 3) Figtree Holdings Ltd 4) Joyas International Holdings Ltd 5) Asiaphos Ltd 6) Singapore Enterprises Private Limited 7) Freight Links Express Logisticpark Pte Ltd 8) Freight Links Express Pte Ltd 9) Crystal Freight Services Pte Ltd 10) Freight Links Logistics Pte Ltd 11) Freight Links Express Logisticcentre Pte Ltd 12) Hub & Port Services Pte Ltd 13) Freight Links Express E-Logistics Technopark Pte Ltd 14) Crystal Freight Services Distripark Pte Ltd 15) Freight Links Properties Pte Ltd 16) LTH Logistics (Singapore) Pte Ltd 17) Ececil Pte Ltd 18) Sentosa Capital (Pte) Ltd 19) Celestine Management Private Ltd 20) Vibrant Properties Pte Ltd 21) Shentoncil Pte Ltd 22) Vibrant DB2 Pte Ltd 23) Vibrant Megatrade Pte Ltd 24) Vibrant Pucheng Pte Ltd 25) Vibrant Pucheng Investment Pte Ltd 26) Vibrant Land Pte Ltd 27) Fervent IV Development Pte Ltd 28) Fervent V Development Pte Ltd 29) Sinolink Financial Leasing Co., Ltd 30) Sinolink Finance International Ltd 31) Fervent Industrial Development (Suzhou) Co., Ltd 32) Fervent Logistics Infrastructure (Changzhou) Co., Ltd 33) Saujana Tiasa Sdn Bhd 34) Vibrant Pucheng Logistics (Chongqing) Co., Ltd 35) Vibrant Pucheng Property Management (Chongqing) Co., Ltd 36) Vibrant Pucheng Enterprise Management (Chongqing) Co., Ltd 37) Vibrant International Freight Forwarding (Chongqing) Co., Ltd 38) Freight Links Express International Co., Ltd 39) Vibrant Suzhou Energy Technology Co., Ltd <p>Other Principal Commitments Chief Financial Officer and Executive Director of Vibrant Group Limited</p>
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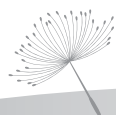
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of Interest (including any competing business)	None

Name of Director	Kong Weili
Age	56
Country of principal residence	Singapore
Date of first appointment as director	22 June 2022
Date of last re-election as director	Nil Due for retirement and seeking 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 Mr Kong's contribution and performance as Independent Director of the Company.
Job Title	Independent Director, Chairman of the Audit and Risk Committee and a member of the Nominating Committee and Remuneration Committee.
Board Committees Served	Chairman of the Audit and Risk Committee Member of the Nominating Committee and Remuneration Committee
Professional qualifications	Mr Kong is a fellow member of the Institute of Singapore Chartered Accountants and CPA Australia. He is also a member of the Singapore Institute of Directors.
Shareholding in the Company and its subsidiaries (as at 13 March 2023)	<u>The Company</u> Nil <u>Subsidiaries of the Group</u> Nil
Principal Commitments including Directorships	<u>Past Directorships</u> PSC Corporation Ltd (f.k.a Hanwell Holdings Ltd) <u>Present Directorships</u> Tat Seng Packaging Group Ltd <u>Other Principal Commitments</u> Nil

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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

Name of Director	Ding Furu
Age	61
Country of principal residence	China
Date of first appointment as director	4 November 2022
Date of last re-election as director	Nil Due for retirement and seeking 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 Mr Ding's contribution and performance as Non-Executive Non-Independent Director of the Company.
Job Title	Non-Executive Non-Independent Director and a member of the Nominating Committee and Remuneration Committee
Board Committees Served	Member of the Nominating Committee and Remuneration Committee
Professional qualifications	
Shareholding in the Company and its subsidiaries	<u>The Company</u> 1,047,408,560 Shares Mr Ding is deemed to be interested in 190,200 Shares held by UOB Kay Hian Pte Ltd as the beneficial owner and 1,047,218,560 Shares held by New Development Hotel Management Pte Ltd of which Mr Ding is the sole director and shareholder.
Subsidiaries of the Group	Nil



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POSED FOR A NEW TRAJECTORY OF GROWTH

Principal Commitments including Directorships	<p><u>Past Directorships</u></p> <p>Shanghai Jinfeng Public Transportation Co. , Ltd. Shanghai Fengxian District Donghui Automobile Passenger Transportation Co. , Ltd. Shanghai Longyu Property Co. , Ltd. Shanghai Petrochemical New Development Commercial Building Co. , Ltd. Shanghai Jinshan New Development Real Estate Development Co. , Ltd. Shanghai Aibo Grado Labs Wood Co. , Ltd. Shanghai Sinp'O Property Management Co. , Ltd. Shanghai Tianyou Equity Investment Management Co. , Ltd. Shanghai Punan Public Transportation Co. , Ltd. Shanghai Fengxian District Metro Auto Sales Co. , Ltd. Shanghai Fengxian Zhugang Investment Development Co. , Ltd. Shanghai Volkswagen New Development Property Investment Co. , Ltd. Shanghai Sofia Health Products Co., Ltd. Shanghai Zhangsheng Construction Engineering Co. , Ltd. Shanghai New Development Trading Co. , Ltd. Shanghai Kolio Investment Management Consulting Co. , Ltd. Shanghai new development fire-proof Building Materials Co. , Ltd. Karen finance leasing (Shanghai) Co. , Ltd. Honi Honi (Shanghai) Nutritional Food Co. , Ltd. Walcom Pte Ltd Harcourts (China) Holdings Pte. Ltd.</p> <p><u>Present Directorships</u></p> <p>Guangxi Bama Boquan Natural Mineral Water Co., Ltd. Shanghai Xinfazhan Shengtaosha Hotel Co.,Ltd. Shanghai Linhai Industrial Development Zone Co.,Ltd. Shanghai Nanqiao Passenger Transportation Bus Station Co.,Ltd. Shanghai Jinhui Yacht City Construction and Development Co.,Ltd. Fengchi IOT Management Co., Ltd Vohringer Home Technology Co., Ltd. Shanghai Xinfazhan Real Estate Development Co.,Ltd. Shanghai New Development Enterprise Management Co.,Ltd. Shanghai New Development Decoration Co.,Ltd. Shanghai Xinfazhan Hotel Co.,Ltd.</p>
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	<p>Shanghai New Development Hotel Management Co.,Ltd. Guangxi Bama Li Quan Beverage Co.,Ltd. Shanghai Suang Biotechnology Co.,Ltd. Asia Pacific Group International Limited China Xin Fa Zhan Group Limited HongKong Fumao Investment Co., Limited HongKong Shenmao Investment Co., Limited Zhong Xin Investments Limited Glad Rise Investments Limited Cleor Company Limited HongKong New Ddevelopment Capital Investment Co., Limited Esupply Global Ecommerce Technology Co., Limited NDG Asia Pacific NZ Limited Asia Pacific International Group New Zealand Limited OneOne Health Group Limited Top Fortune Investment Limited Esupply Global Ecommerce Technology NZ Limited NDG Asia Pacific Guam Inc. Macao Sheng Shi Zhong Guo Tobacco Factory Co., Ltd. Shengshi China Tobacco International group Macau Co., Ltd. Value Vantage Pte Ltd Asia Pacific Group (S) Pte. Ltd. Massdam Oversea Venture Pte. Ltd. New Development Hotel Management Pte. Ltd. Credit & Cooperation Singapore Pte. Ltd. China Xin Fa Zhan Ji Tuan (S) Pte. Ltd. Tian Xin Ji Tuan (S) Pte. Ltd. Health & Longevity TCM Pte. Ltd. New Development Investment I Pte. Ltd. New Development Investment II Pte. Ltd. New Development Investment III Pte. Ltd. New Development Asset Management Pte. 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	<p>Mr Ding was nominated by New Development Hotel Management Pte. Ltd., Subscriber of the Company.</p> <p>Mr Ding is the sole shareholder and director of New Development Hotel Management Pte. Ltd.</p>
Conflict of Interest (including any competing business)	None

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Name of Director	Fan Bin
Age	45
Country of principal residence	China
Date of first appointment as director	4 November 2022
Date of last re-election as director	Nil Due for retirement and seeking 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 Mr Fan's contribution and performance as Non-Executive Non-Independent Director of the Company.
Job Title	Non-Executive Non-Independent Director and a member of the Audit and Risk Committee
Board Committees Served	Member of the Audit and Risk Committee
Professional qualifications	Mr Fan Bin is a member of the Chinese Institute of Certified Public Accountants and a certified public accountant (CPA), a certified tax accountant (CTA) certified by the China Certified Tax Agents Association and accountant certified by the Ministry of Finance of the People's Republic of China. He holds a Master's degree in accounting from Shanghai University of Finance and Economics and Bachelor's degree in management from Shanghai University of Finance and Economics.
Shareholding in the Company and its subsidiaries (as at 13 March 2023)	<u>The Company</u> Nil <u>Subsidiaries of the Group</u> Nil
Principal Commitments including Directorships	<u>Past Directorships</u> Nil <u>Present Directorships</u> Vohringer Home Technology Co., Ltd. <u>Other Principal Commitments</u> 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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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**").

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.

Provision 5.1 and 5.2: Board Evaluation Process

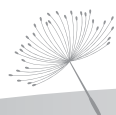
The NC examines its size to satisfy that it is appropriate for, effective decision making, taking into account the nature and scope of the Company's operations.

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 by the Company Secretary and presented to the NC with comparatives from the previous year's results (where applicable). 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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2. REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

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

Provision 6.1 and 6.2: Composition of the RC

Provision 6.3: Remuneration framework

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, as at date of this report, comprises three (3) members, majority of whom are Independent Directors. The existing 3 members of the RC are Mr Francis Lee Fook Wah, Mr Kong Weili and Mr Ding Furu. The Chairman of the RC is Mr Francis Lee Fook Wah 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.

CORPORATE GOVERNANCE REPORT

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.

Provision 6.4: Remuneration consultant

In discharging RC's 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.

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.

Provision 7.1 and 7.3: Remuneration of Executive Directors and KMPs

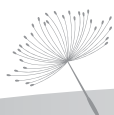
Provision 7.2: Remuneration of Non-Executive Directors

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.



CORPORATE GOVERNANCE REPORT

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.

Directors' fee amounting to SGD120,000.00 for the financial year ending 31 December 2023 have been proposed for payment in arrears. This recommendation has been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval.

Provision 7.3: Long Term incentives

The Company currently does not have any share option scheme or any long term scheme in place as the Company believes "pay holds employees accountable" for improving shareholder value and drive productivity profit. The Company currently does not have any contractual provisions to allow the Company to reclaim incentive from executive Directors and key management personnel in exceptional cases of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

The RC believes the current remuneration is sufficient to attract, retain and motivate directors to provide good stewardship to the Company and key management personnel for long-term objectives and shareholders' value.

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.

Provision 8.1: Disclosure of remuneration

The remuneration paid to the Directors for services rendered for FY2022 on an individual basis are as follows:-

CORPORATE GOVERNANCE REPORT

Directors

	Salary	Fee	Bonus	Other benefits	Total
	%	%	%	%	%
Directors					
Between S\$250,000 and S\$499,000					
Chen Seow Phun, John	71.22	–	6.52	22.26	100
Below S\$250,000					
Lee Tong Soon ⁽¹⁾	64.30		14.37	21.33	100
Ko Chuan Aun ⁽²⁾	–	100	–	–	100
Jo-Anne Chang ⁽³⁾	–	100	–	–	100
Lim Ho Heng ⁽⁴⁾	–	100	–	–	100
Francis Lee Fook Wah ⁽⁵⁾	–	100	–	–	100
Kong Weili ⁽⁶⁾	–	100	–	–	100
Ding Furu ⁽⁷⁾	–	100	–	–	100
Fan Bin ⁽⁸⁾	–	100	–	–	100

Key management personnel

The remuneration paid to key management personnel for services rendered for FY2022 are as follows: -

	Salary	Fee	Bonus	Other benefits	Total
	%	%	%	%	%
Key Management Personnel					
Between S\$250,000 and S\$499,000					
Kok Nyong Patt	66.04	–	6.52	27.20	100
Zheng Fengwen	90.45	–	5.69	3.86	100
Below S\$250,000					
Oh Kok Thai	67.65	–	5.49	26.86	100
Loh Beng Kiat	69.59	–	5.41	25.01	100
Hau Ee Boon	68.85	–	4.82	26.33	100

- (1) Remuneration paid to Mr Lee Tong Soon as Managing Director of the Company for the period from 1 January 2022 to 26 April 2022.
- (2) Remuneration paid to Mr Ko Chuan Aun as Independent Director of the Company for the period from 1 January 2022 to 5 August 2022.
- (3) Remuneration paid to Ms Jo-Anne Chang as Non-Executive and Non-Independent Director of the Company for the period from 1 January 2022 to 11 April 2022.
- (4) Remuneration paid to Mr Lim Ho Heng as Independent Director of the Company for the period from 1 January 2022 to 26 April 2022.
- (5) Remuneration paid to Mr Francis Lee Fook Wah as Independent Director of the Company for the period from 6 May 2022 to 31 December 2022.
- (6) Remuneration paid to Mr Kong Weili as Independent Director of the Company for the period from 22 June 2022 to 31 December 2022.
- (7) Remuneration paid to Mr Ding Furu as Non-Executive Non-Independent Director of the Company for the period from 4 November 2022 to 31 December 2022.
- (8) Remuneration paid to Mr Fan Bin as Non-Executive Non-Independent Director of the Company for the period from 4 November 2022 to 31 December 2022.

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.

Provision 8.2: Remuneration of related employees

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 FY2022.

Provision 8.3: Forms of remuneration and details of employee share schemes

The Company currently does not have any employee share option scheme.
Summary of RC activities in 2022

- 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 which includes salary and profit sharing bonus.

3. ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

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

Provision 9.1: Nature and extent of risks

The Board recognizes that it is responsible for the overall internal control framework and maintains a sound system of risk management and internal controls, 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.

On 21 February 2023, the Audit Committee has been renamed as Audit and Risk Committee to reflect the additional responsibility of risk governance.

CORPORATE GOVERNANCE REPORT

The ARC 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.

Together with the reports from the internal and independent auditors and management representation letters, the ARC 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.

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 as at financial year ended 31 December 2022. 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.

Following the close of financial year end FY2022, international bodies and national governments have imposed sanctions with the aim of achieving foreign policy or national security goals. Although the Group has principal place of business outside Singapore with customers overseas, none of the Group's person or entity is exposed to sanctions-related risks. The Board confirmed there has been no material change in its risk of being subject to any Sanctions Law.

Provision 9.2: Assurance from the CEO and CFO

The Board has received assurance from the Executive Chairman 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 Executive Chairman and the Financial Controller in relation to the financial information for the year.

CORPORATE GOVERNANCE REPORT

Audit Committee

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

Provision 10.1, 10.2 and 10.3: Composition of the AC

The AC has been re-named as the Audit and Risk Committee (“ARC”) on 21 February 2023.

The terms of reference of the ARC provides that the ARC shall comprise three (3) members, a majority are Independent Directors. The 3 members of the AC are Mr Kong Weili, Mr Francis Lee Fook Wah and Mr Fan Bin. The Chairman of the AC is Mr Kong Weili. Each member of the ARC 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 ARC including the ARC Chairman are appropriately qualified in that they have recent and relevant accounting or related financial management expertise and experiences to discharge the ARC’s function and responsibilities.

The ARC comprises of members who have sufficient experience in finance, legal and business fields. None of the ARC 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 ARC has sufficient financial management expertise and experience to discharge the ARC’s functions.

The ARC assists the Board in discharging their responsibility to safeguard the Group’s assets, maintain adequate accounting records, oversight and monitoring whistleblowing and assists the Board to oversee the governance of risk including determine the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation and also oversee the Company’s risk management framework and policies. In addition, the ARC 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 to ensure that the Management maintains a sound system of risk management and internal controls.

The ARC 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 ARC has adopted written terms of reference which includes governance of risk. According to the written terms of reference, the ARC has the authority to undertake such reviews and projects as it may consider appropriate in the discharge of its duties. The ARC has full access to and the co-operation of the Management. The ARC 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 ARC and the Chairman of the Board.

The terms of reference of the ARC will be reviewed if there be any change in the risk appetite taking into consideration sanctions-related risk. The Board and ARC will be responsible for (a) monitoring the issuer’s risk of becoming subject to, or violating, any Sanctions Law; and (b) ensuring timely and accurate disclosures to SGX and other relevant authorities.

CORPORATE GOVERNANCE REPORT

In FY2022, the ARC 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 ARC meetings in FY2022 are provided in Section 1.1 of this corporate governance report.

The ARC performed the following functions in FY2022: -

(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 ARC. The ARC has also reviewed the report and ensures that Management has taken appropriate actions.

For FY2022, the ARC reviewed together with the auditors: -

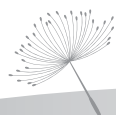
- (i) the audit plan (including, among others, the nature and scope of the audit before the audit commenced and the risk management systems issues of the Group);
- (ii) their evaluation of the financial controls in areas which could have a material impact on the financial statements;
- (iii) their auditors' 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 FY2022 is SGD16,900 which is below 50% of audit fees, and the ARC is of the opinion that the auditors' independence has not been compromised. The aggregate audit fees paid and payable to the auditors, CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation) in FY2022 is SGD117,000.

The ARC 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.

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

The ARC 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.



CORPORATE GOVERNANCE REPORT

The ARC 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 Shanghai CLA Global TS Certified Public Accountants (formerly Shanghai Nexia TS Certified Public Accountants), which is the same member firm of the Company's independent auditors, CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation) for its significant subsidiaries and associated companies in PRC. The Company confirmed that Rule 712, Rule 715 and Rule 716 of the Listing Manual have been complied with. Accordingly, the ARC recommended to the Board, the nomination of the independent auditors of the Company for re-appointment at the forthcoming AGM.

Provision 10.4: Internal audit function

The Company outsource its internal audit function to Messrs Mazars LLP for the financial year ending 2023. Given that the Group's operations in the PRC and Singapore was halted for most of the time due to the continuance of the COVID-19 pandemic and especially the limited access in PRC, the engagement of Messrs Mazars LLP as internal auditors for FY2022 was suspended temporarily.

During the discontinuance of the engagement of the Internal Auditors, the ARC oversees the internal control function which primarily relates to the corporate-related matters based on the current control policy that is already in place. The internal audit function carried out by the ARC uses a risk-based auditing approach that covers financial, operational and compliance controls and such internal audit function has unfettered access to all the Company's documents, records, properties and personnel, and has appropriate standing within the Company. The ARC reviews the adequacy and integrity of the Company's internal controls systems and reports directly to the Board on material non-compliance and internal control weakness, if any, and will recommend improvements where necessary. The ARC oversees and monitors the implementation of any improvements thereto.

The ARC is satisfied of the adequacy, independence and effectiveness of Company's internal audit function based on the review and report by the External Auditors and work performed by the Management, and will continue to review the adequacy and effectiveness of the Company's internal audit function on an annual basis, where applicable.

The ARC 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 policy also included procedures for investigating whistleblowing reports made in good faith.

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 against detrimental or unfair treatment. Identity of the whistleblower is kept confidential. Where appropriate, an independent third party may be appointed to assist in the investigation. The ARC recognized it is responsible for oversight and monitoring of whistleblowing.

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

CORPORATE GOVERNANCE REPORT

In addition to the activities undertaken to fulfill its responsibilities, the ARC 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.

Provision 10.5: Meeting with external auditors

The ARC met once with the external auditors without the presence of Management in FY2022.

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

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.

Provision 11.1, 11.2, 11.3 and 11.4: Conduct of general meetings

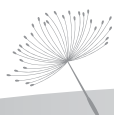
The Company treats all the Shareholders fairly and equitably, and recognises, protects and facilitates the exercise of shareholders' rights. Furthermore, the Company continually reviews and updates such governance arrangement. Shareholders are informed of changes in the Company's businesses that are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

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. Financial Results and Annual Report ("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.



CORPORATE GOVERNANCE REPORT

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. The AGM held on 26 April 2022 was held by electronic means in accordance with the COVID-19 (Temporary Measures) Act 2020. Physical attendance at the AGM was disallowed.

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 22 April 2022, 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 Intermediary 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.

Shareholders had cast their votes for or against or abstain in respect of each resolution at the AGM held on 26 April 2022 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 Extraordinary General Meeting ("EGM") held on 5 August 2022 was attended physically by shareholders. Members were given the opportunity to submit substantial and relevant questions in advance of the EGM. Members (including CPF Investors and SRS Investors) and, where applicable, appointed proxy(ies) can also ask 'live' at the EGM substantial and relevant questions related to the resolutions tabled for approval at the EGM. Shareholders had cast their votes for or against or abstain in respect of each resolution at the EGM by present physically or through their proxy(ies) or appointing the Chairman as proxy to vote on their behalf at the EGM.

Provision 11.5: Minutes of general meetings

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 6 May 2022.

CORPORATE GOVERNANCE REPORT

Provision 11.6: Dividend policy

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.

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.

Provision 12.1, 12.2 and 12.3: Shareholder engagement

All the Shareholders will receive the AR and/or circular and the notice of the AGM and/or EGM 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.

5. MANAGING STAKEHOLDER RELATIONSHIPS

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.

Provision 13.1, 13.2 and 13.3: Stakeholder engagement

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.

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.

CORPORATE GOVERNANCE REPORT

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 FY2022 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.

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 FY2022, 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 FY2022.

STATISTICS OF SHAREHOLDERS

AS AT 13 MARCH 2023

Total number of issued shares excluding treasury shares and subsidiary holdings	– 1,434,967,260
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	% of Shareholders	No. of Shares	% of Shareholdings
1 – 999	27	1.60	1,307	0.00
100 – 1,000	161	9.55	89,806	0.01
1,001 – 10,000	587	34.84	2,145,075	0.15
10,001 – 1,000,000	891	52.88	72,202,986	5.03
1,000,001 and above	19	1.13	1,360,529,086	94.81
	1,685	100.00	1,434,967,260	100.00

LIST OF TWENTY-TWO LARGEST SHAREHOLDERS

(as shown in the Register of Members)

No.	Name of Shareholder	No. of Shares	% of Shareholdings
1	NEW DEVELOPMENT HOTEL MANAGEMENT PTE. LTD.	1,047,218,560	72.98
2	UOB KAY HIAN PTE LTD	101,978,950	7.11
3	UNION ENERGY CORPORATION PTE LTD	41,000,000	2.86
4	SINGAPORE ENTERPRISES PTE LTD	38,700,000	2.70
5	CITIBANK NOMINEES SINGAPORE PTE LTD	36,430,250	2.54
6	KOK NYONG PATT	25,027,725	1.74
7	LEE TONG SOON	24,135,526	1.68
8	UNIGOLD ASIA LIMITED	22,252,725	1.55
9	DBS NOMINEES PTE LTD	5,700,050	0.40
10	CHAN I-HARN ALVIN (CHEN YIHAN ALVIN)	3,032,000	0.21
11	TEO KOK LEONG	2,852,000	0.20
12	FOO HEE YI	2,122,200	0.15
13	PHILLIP SECURITIES PTE LTD	1,875,050	0.13
14	CHEN LIPING	1,626,000	0.11
15	ANG YU SENG	1,554,500	0.11
16	UNITED OVERSEAS BANK NOMINEES PTE LTD	1,453,750	0.10
17	CHUA YEW CHYE	1,400,000	0.10
18	TOO BEE FERN	1,107,800	0.08
19	CHAN TIAN HOE	1,061,000	0.07
20	CHUA YUE PENG	1,000,000	0.07
21	TAN CHEOK MENG	1,000,000	0.07
22	TAN WEIREN VINCENT (CHEN WEIREN VINCENT)	1,000,000	0.07
TOTAL		1,363,528,086	95.03

STATISTICS OF SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS AS AT 13 MARCH 2023 (as shown in the Register of Substantial Shareholders)

No.	Name of Shareholder	Direct Interest		Deemed Interest	
		No. of Shares	%	No. of Shares	%
1.	UOB Kay Hian Private Limited	100,000,000	6.97	–	–
2.	Hong Kong Bright Food Investment Co., Limited(1)	–	–	100,000,000	6.79
3.	Yang Shang Ran(1)	–	–	100,000,000	6.79
4.	Union Energy Corporation Pte Ltd	41,000,000	2.86	–	–
5.	Teo Kiang Ang(2)	35,211,000	2.45	41,000,000	2.86
6.	New Development Hotel Management Pte. Ltd.	1,047,218,560	72.98	–	–
7.	Ding Furu (3)	–	–	1,047,408,560	72.99

Notes:

- (1) Hong Kong Bright Food Investment Co., Limited ("HK Bright Food") is deemed interested in the shares held by UOB Kay Hian Private Limited for and on behalf of HK Bright Food. Mr Yang Shang Ran is the sole shareholder of Hong Kong Bright Food Investment Co., Limited ("HK Bright Food").
- (2) Mr Teo Kiang Ang is ultimate beneficial owner of Union Energy Corporation Pte Ltd.
- (3) Mr Ding Furu is deemed to be interested in (a) 190,200 shares held by UOB Kay Hian Private Limited, as the beneficial owner; and (b) 1,047,218,560 shares held by New Development Hotel Management Pte. Ltd., of which Mr Ding Furu is the sole director and shareholder.

COMPLIANCE WITH RULE 723 OF THE SGX-ST LISTING MANUAL

As at 13 March 2023, 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 13.16%. The Company is therefore in compliance with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of **PAVILLON HOLDINGS LTD.** (the “Company”) will be held at Thai Village Restaurant, 2 Stadium Walk, #01-02/03 Singapore Indoor Stadium, Singapore 397691 on Thursday, 27 April 2023 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 2022 together with the Directors’ Statement and Independent Auditors’ Report thereon. **Resolution 1**
2. To approve payment of Directors’ Fees of S\$120,000 for the financial year ending 31 December 2023, with payment to be made in arrears. (2022: S\$135,000) **Resolution 2**
3. To re-elect Mr Francis Lee Fook Wah, a Director of the Company, who retire pursuant to Article 117 of the Constitution of the Company. **Resolution 3**
[See Explanatory Note (i)]
4. To re-elect Mr Kong Weili, a Director of the Company, who retire pursuant to Article 117 of the Constitution of the Company. **Resolution 4**
[See Explanatory Note (ii)]
5. To re-elect Mr Fan Bin, a Director of the Company, who retire pursuant to Article 117 of the Constitution of the Company. **Resolution 5**
[See Explanatory Note (iii)]
6. To re-elect Mr Ding Furu, a Director of the Company, who retire pursuant to Article 117 of the Constitution of the Company. **Resolution 6**
[See Explanatory Note (iv)]
7. To re-appoint Messrs CLA Global TS Public Accounting Corporation as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **Resolution 7**
8. 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 Resolution:-

9. Authority to allot and issue shares **Resolution 8**
“That pursuant to Section 161 of the Companies Act 1967 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,

NOTICE OF ANNUAL GENERAL MEETING

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);
- (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 (v)]

BY ORDER OF THE BOARD

CHAN LAI YIN
Company Secretary

Singapore, 12 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Mr Francis Lee Fook Wah, will upon re-election as a Director of the Company, remain as the Lead Independent Director of the Company, Chairman of the Nominating Committee and Remuneration Committee and a member of Audit and Risk Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, detailed information of Mr Francis Lee Fook Wah who is seeking re-election at the Annual General Meeting can be found in the Corporate Governance Report under Provision 4.5 of the Annual Report.
- (ii) Mr Kong Weili, will upon re-election as a Director of the Company, remain as the Independent Director of the Company, Chairman of the Audit and Risk Committee and a member of the Nominating Committee and Remuneration Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, detailed information of Mr Kong Weili who is seeking re-election at the Annual General Meeting can be found in the Corporate Governance Report under Provision 4.5 of the Annual Report.
- (iii) Mr Fan Bin, will upon re-election as a Director of the Company, remain as the Non-Executive Non-Independent Director of the Company and a member of the Audit and Risk Committee. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, detailed information of Mr Fan Bin who is seeking re-election at the Annual General Meeting can be found in the Corporate Governance Report under Provision 4.5 of the Annual Report.
- (iv) Mr Ding Furu will upon re-election as a Director of the Company, remain as the Non-Executive Non-Independent Director of the Company and a member of the Nominating Committee and Remuneration Committee. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, detailed information of Mr Ding Furu who is seeking re-election at the Annual General Meeting can be found in the Corporate Governance Report under Provision 4.5 of the Annual Report.
- (v) Ordinary Resolution 8 proposed in item 9 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. The Annual General Meeting of the Company ("AGM") is being convened, and will be held, physically. The 2022 Annual Report can be accessed at the Company's website at the URL www.thaivillagerestaurant.com.sg or SGX website at the URL <https://www.sgx.com/securities/company-announcements>. This Notice will also be made available on the SGX website at the URL <https://www.sgx.com/securities/company-announcements>.
2.
 - (a) A member (who is not a relevant intermediary) entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. Where such member's instrument appointing a proxy(ies) appoints more than one proxy, the proportion of the shareholding of a whole). If no percentage is specified, the first named proxy shall be deemed to represent 100 per cent of the shareholdings and the second named proxy shall be deemed to be an alternate to the first named proxy.
 - (b) A member who is a relevant intermediary is entitled to 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 such member. Where such member's instrument appointing a proxy(ies) appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument. In relation to a relevant intermediary who wishes to appoint more than two (2) proxies, it should annex to the Proxy Form the list of proxies, setting out, in respect of each proxy, the name, NRIC/Passport Number and proportion of shareholding (number of shares, class of shares and percentage) in relation to which the proxy has been appointed.

"Relevant intermediary" shall have the meaning ascribed to it in Section 181 of the Companies Act 1967 of Singapore
3. A proxy need not be a member of the Company.
4. Members (including investors who holds shares under the Central Provident Fund and Supplementary Retirement Scheme ("CPF and SRS Investors")) may participate in the AGM by:
 - (a) Attending the AGM in person;
 - (b) Asking questions at the AGM or submitting questions in advance of the AGM; and/or
 - (c) Voting at the AGM (i) personally; or (ii) through duly appointed proxy(ies).

NOTICE OF ANNUAL GENERAL MEETING

5. Submission of substantial and relevant questions relating to the agenda of the AGM.

In view of the guidance note issued by the Singapore Exchange Regulation, a member may ask questions relating to the items on the agenda of the AGM by:

- (a) Submitting questions via mail to the registered office of the Company at 1002 Tai Seng Avenue, #01-2536, Singapore 534409, or submit electronically via email to sg.is.proxy@sg.tricorglobal.com; or
- (b) "live Question and Answer" at the physical AGM.

When sending questions, members should also provide their full name (for individuals)/company name (for corporate), NRIC/Passport No./Company Registration number, email address, contact number, shareholding type and number of shares held for verification.

Shareholders are encouraged to submit their questions latest by **20 April 2023 at 3.00 p.m.** The Company will endeavour to address to all substantial and relevant questions submitted prior to the AGM by 23 April 2023 (at least 48 hours prior to the closing date and time for the lodgment of the proxy forms). The Company's response will be published on (i) the SGX-ST's website; and (ii) the Company's corporate website.

6. The instrument appointing a 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 Company shall be entitled to reject an instrument of 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 of proxy if the member, being the appointor, is not shown to have shares entered against his/her/its name in the Depository Register as at 72 hours before the time appointed for holding the AGM (i.e. 3.00 p.m. on 24 April 2023), as certified by CDP to the Company. A Depositor shall not be regarded as a member of the Company entitled to attend the AGM and vote thereat unless his/her/its name appears on the Depository Register 72 hours before the time appointed for the AGM.

8. CPF Investors and SRS Investors:

- (a) may attend and cast their vote(s) at the AGM in person if they are appointed as proxies by their respective CPF Agent Banks or SRS Operators, and should contact their respective CPF Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies; or
- (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM, in which case they should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) business days before the AGM (i.e. **by 3.00 p.m. on 18 April 2023**), and such CPF Investor and/or SRS Investors shall be precluded from attending the AGM.

PERSONAL DATA PRIVACY

By lodging an instrument appointing a proxy(ies) and/or representative(s), a Shareholder (i) consents to the collection, use and disclose 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

IMPORTANT:

1. 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 18 April 2023.
2. For investors who have used their CPF monies and/or SRS monies to buy the Company's shares, this Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2023.

*I/We _____ (Name) NRIC/Passport No./Co. Registration No. _____ of _____ (Address) being a *member/members of Pavillon Holdings Ltd. (the "Company"), hereby appoint:

Name	Address	NRIC / Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

Name	Address	NRIC / Passport No.	Proportion of shareholdings to be represented by proxy (%)

Or failing him/her, 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 at Thai Village Restaurant, 2 Stadium Walk, #01-02/03 Singapore Indoor Stadium, Singapore 397691 on Thursday, 27 April 2023 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.	Ordinary Resolutions	For	Against	Abstain
Ordinary Business				
1.	Adoption of the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Directors' Statement and Independent Auditors' Report thereon.			
2.	Approval of Directors' Fees for financial year ending 31 December 2023.			
3.	Re-election of Mr Francis Lee Fook Wah as a Director of the Company.			
4.	Re-election of Mr Kong Weili as a Director of the Company.			
5.	Re-election of Mr Fan Bin as a Director of the Company.			
6.	Re-election of Mr Ding Furu as a Director of the Company.			
7.	Re-appointment of Messrs CLA Global TS Public Accounting Corporation as Auditors of the Company and to authorise Directors of the Company to fix their remuneration.			
Special Business				
8.	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 not to vote on that Resolution.

Dated this day of 2023.

.....
Signature(s) of Member(s)
or, Common Seal of Corporate Member

* Delete accordingly

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

IMPORTANT: PLEASE SEE NOTES OVERLEAF BEFORE COMPLETING THIS FORM

PAVILLON HOLDINGS LTD.

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

PROXY FORM

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.
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 18 April 2023). 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. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint not more than two (2) proxies to attend and vote instead of him. The proxy need not be a member of the Company.
6. The instrument appointing a 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 a 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 a 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 1967.
10. The Company shall be entitled to reject an instrument appointing a 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 a proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2023.

Pavillon Holdings Ltd.

Company Registration No. 199905141N

Block 1002 Tai Seng Avenue

#01-2536, Singapore 534409

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