蘭亭

Pavillon Holdings Ltd.

PERSEVERANCE

ANNUAL REPORT
2021

CONTENT

01 CORPORATE MAP

02 CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

04 OPERATIONS REVIEW

05 BOARD OF DIRECTORS

08 KEY EXECUTIVES

09 FINANCIAL HIGHLIGHTS

10 CORPORATE INFORMATION

11 THAI VILLAGE RESTAURANT PRESENCE

12 FINANCIAL STATEMENTS

91 CORPORATE GOVERNANCE REPORT

116 STATISTICS OF SHAREHOLDINGS

119 NOTICE OF ANNUAL GENERAL MEETING PROXY FORM

CORPORATE MAP

Pavillon Holdings Ltd

- **Licensee (Restaurant)**
  - **SINGAPORE** Furama Riverfront
- **Self-Managed Restaurants**
  - **SINGAPORE** Goodwood Park Indoor Stadium
- **Franchisee (Restaurants)**
  - **CHINA** Shanghai Yangpu
    - **VIETNAM** Ho Chi Minh City Hanoi
- **Leasing Business**
  - **CHINA** Beijing Tianjin
- **Property Business**
  - **CHINA** Tianjin

CHAIRMAN AND MANAGING DIRECTOR'S MESSAGE

DEAR SHAREHOLDERS

The COVID-19 pandemic entered its second year in 2021. While countries have started opening up in tandem with the restarting of overseas travel, continued measures to limit the spread of the Delta variant as well as the hyper transmissible Omicron variant continue to cause disruptions in work as well as increased operational costs. Coupled with zero-COVID policy of China and global supply chain disruptions, 2021 continued to present challenging operating conditions.

Despite the ongoing challenges, we remain centred on our business focus, optimising the strategy every step of the way. On behalf of the Board of Directors of Pavillon Holdings Ltd. ("the Group"), we present the annual report of the Group for the financial year ended 31 December 2021 ("FY2021").

FINANCIAL PERFORMANCE

The Group attained a revenue of S$9.4 million in FY2021, a 10.3% increase compared to S$8.5 million in FY2020 which was affected by the Circuit Breaker. The relaxation of the COVID-19 restrictions and social distancing measures in 2021 resulted in a pick-up in the food and beverage business in Singapore. Restrictions in international travel also meant that people largely remained in Singapore, helping to drive footfall and revenue. While business has yet to recover to prepandemic levels on average, there is a marked improvement from that in 2020. Additionally, the revenue attained in December 2021 rivalled that of 2019 before the pandemic hit, pointing towards a positive sign of recovery.

Interest income increased as a result of the increased period of deposit. However, other income decreased by 52.6% to S$1.0 million due to the reduced availability of grants from the government in 2021 in assistance of local businesses affected by the COVID-19 outbreak.

Overall, total expenses amounted to S$14.7 million, a 3.6% decrease from S$15.2 million in FY2020. This was mainly due to the absence of impairment loss on financial assets incurred in FY2020 offset by increases in a few areas. One is an increase in expenses in raw materials and change in inventories, proportional to the increase in the food and beverage business. Expenses in employee compensation also increased slightly due to the increased payroll costs in Singapore corresponding to the improved business, as well as provision of retrenchment costs in China. Other operating expenses increased by 47% largely due to the write-off of a value-added tax (VAT) receivable in China. Additionally, due to the challenging economic conditions and the lack of positive return generation, the investment property in Tianjin logistic hub received a markdown in value by S$25.8 million, resulting in a share of loss of associated companies amounted to S$15.4 million. Overall, the Group made a net loss of S$19.5 million.

The total assets of the Group stands at S$23.6 million, down from S$40.2 million in FY2020. While cash and cash equivalents saw a slight decrease to S$6.8 million, trade and other receivables saw an increase to S$0.9 million. Total liabilities amounted to S$8.7 million, bringing net assets to a total of S$14.9 million.

FUTURE PROSPECTS

As Singapore continues its cautious, progressive approach in reopening and safe distancing measures, we expect more Singaporeans to choose to dine out at restaurants, further boosting business in the food and beverage segment. While industry competitors faced difficulty in procurement, the Group was able to effectively manage supply chain and freight costs thanks to preemptive planning by the management, along with close cooperation with supply chain partners. Our F&B business has demonstrated great resilience to present a positive showing this year, and moving forward, we will build on this momentum by ramping up marketing efforts and increasing customer base. To kick start this, the

Group has obtained a new licensee at Havelock, Furama Hotel. As we continue to keep a look out for strategic partners, we are cautiously optimistic that the year ahead will bring better prospects for the business.

Leveraging on the business lull due to COVID-19, the Group invested RMB700,000 into the logistics hub in Tianjin to equip it with a fully computerised, state-of-the-art warehouse management system. With that, the logistics hub which is owned by an associated company, Fengchi IOT Management Co., Ltd. ("Fengchi IOT"), is well-positioned to attract rental and sales for growth in the upcoming year.

However, we would like to draw your attention to the going concern assumptions we made on page 30. Because there are events or conditions indicating the possibility of material uncertainties that may cast doubt on the Group and the Company's ability to continue as going concerns due to the issuance of corporate guarantee by a subsidiary, Pavillon Financial Leasing Co, Ltd, to Fengchi IOT's banker and creditor, which Fengchi IOT does not have sufficient working capital to pay its debts as and when they fall due, the Board has recently entered into a Subscription Agreement with an investor which is critical in resolving any material uncertainties. The proposed Subscription will be subject to regulatory and shareholders' approval.

In the Group's continued drive towards sustainability in operations and human capital, we were able to successfully retain talent and manpower. This was partially driven by the support provided by the government in the form of grants, as well as continued training opportunities.

Moving forward, the Group is also planning to expand our automated car washing business in China. The sector requires low capital investment, but presents the opportunity for full automation and savings in manpower costs. Payment will be in the form of prepaid cards. In partnership with gas stations in Tianjin and Shandong, the Group has been able to forge good relationships and set a strong foundation for the business.

CONCLUSION

The future holds great opportunity for those of us who are undaunted by difficult challenges. On behalf of the Board, we would like to take this opportunity to extend our heartfelt appreciation to the staff and management team for their dedication and contribution to our journey and the road ahead. To our clients, business associates and shareholders, thank you for your support, we hope to continue to grow this business together and share great successes in the future.

DR. JOHN CHEN SEOW PHUN
Executive Chairman

MR LEE TONG SOON
Managing Director

OPERATIONS REVIEW

TURNOVER AND EARNINGS

In the financial year ended 31 December 2021 ("FY2021"), the Group attained a revenue of S$9.4 million, an increase of S$0.9 million from S$8.5 million in the financial year ended 31 December 2020 ("FY2020"). This was mainly due to increased revenue from Singapore restaurant operations, as well as increased interest income.

Going into each segment, restaurant operations saw an increase in revenue to S$9.3 million, up from S$8.2 million in FY2020. This translates to a profit of S$0.36 million, an increase from S$0.2 million in FY2020. Properties segment generated a revenue of S$63,000 and a loss of S$15.5 million. Lastly, other operations saw a revenue of S$0.9 million. This translated to a loss of S$1.9 million due to the loss of inter-segment revenue and segment profit unallocated expenses.

Interest income increased by 24.2% to S$77,000, mainly due to the increased period of deposits, while other income decreased by 52.6% to S$1.0 million due to the decrease in grant availability from the Singapore government. Overall, total expenses decreased by 3.6% from S$15.2 million to S$14.7 million. This was mainly due to the absence of impairment loss on financial assets incurred in FY2020 offset by increases in a few areas such as expenses on raw materials and changes in inventories, employe compensation, as well as finance expenses. The Group also saw a decrease in depreciation assets due to most of the fixed assets in China being disposed of. Additionally, the Group saw a share of loss of associated companies. Due to the challenging economic conditions, the investment property in Tianjin logistic hub has yet to generate a positive return resulting in a markdown of value by S$25.8million, resulting in a share of loss of associated company amounted to S$15.4 million.

This brings total net loss for FY2021 to S$19.5 million, an increase from the loss of S$5.0 million in FY2020. A net loss of S$16.1 million attributable to equity holders of the company, while the remaining net loss of S$3.4 million is attributable to non-controlling interests.

BALANCE SHEET AND CASH FLOW

Net cash flow used in operating activities totalled at S$0.95 million, an increase from the S$0.74 million used in FY2020. Net cash flow used in investing activities decreased from S$0.39 million to S$0.05 million while net cash flow used in financing activities stood at S$0.74 million, a reverse from the cash flow of S$0.36 million provided in FY2020.

Overall, cash and cash equivalents at the end of the financial year decreased slightly to S$6.8 million, down from S$8.4 million in FY2020. This included a net cashflow of S$0.95 million from operating activities, mainly due to the poor business environment caused by the COVID-19 pandemic. Trade and other receivables increased from S$0.50 million to S$0.94, mainly due to prepayment of the car washing machine equipment.

Overall, net assets for FY2021 stands at S$14.9 million, down from S$33.3 million in FY2020.

BOARD OF DIRECTORS

DR. JOHN CHEN SEOW PHUN
Executive Chairman

MR LEE TONG SOON
Managing Director

MR KO CHUAN AUN
Independent Director

MS JO-ANNE CHANG
Non-Executive and
Non-Independent Director

MR LIM HO HENG
Independent Director

BOARD OF DIRECTORS

DR. JOHN CHEN SEOW PHUN
Executive Chairman

Dr Chen was appointed as an Independent Director of the Company in December 2001 and was 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 LEE TONG SOON
Managing Director

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

MR KO CHUAN AUN
Lead Independent Director

Mr Ko joined the Board of Pavillon Holdings Ltd as an Independent Director on 25 July 2016. He was appointed as Lead Independent Director on 22 April 2021.

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

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

Mr Ko is currently Vice President of the ESG Society as well as the Vice Chairman of Public Relation Committee under the Singapore-China Business Association. Mr Ko was awarded the Service to Education (Pewter) by the Ministry of Education in 2016.

Mr Ko holds a Diploma in Export Marketing, which is equivalent to the Danish Niels Brock International Business Degree Program. Mr Ko has also been appointed as the Class Monitor at the Regional Business Leaders Executive Education Program conducted by Tsinghua School of Economics and Management.

BOARD OF DIRECTORS

MS JO-ANNE CHANG

Non-Executive and
Non-Independent Director

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

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

MR LIM HO HENG

Independent Director

Mr Lim, a Chartered Accountant (Singapore) was appointed as an Independent Director on 22 April 2021. He has over 19 years of experience in auditing and accounting and has held various finance and management positions in the listed companies. Mr Lim was formerly the CFO of Yangzhijiang shipbuilding Holdings Ltd, and was integral to the listing of Yangzhijiang back in 2007.

KEY EXECUTIVES

MR KOK NYONG PATT
Chief Operating Officer

Mr Kok is one of the founding shareholders of the TVSR and held the position as director since its inception in 1995. Prior to his retirement as Executive Director at the Annual General Meeting held on 28 May 2020, his area of responsibilities include business development, business strategy and planning, human resource management and business administration. Prior to joining the group in 1992, Mr Kok was a petroleum cargo officer with Hong Lam Shipping Pte Ltd from 1986 to 1992. On 1 July 2020, Mr Kok was appointed as the Chief Operating Officer of the Company. His responsibilities include oversee operations of all subsidiaries, provide management to staff and leadership to align business plans and overall strategic vision and implementation of growth strategies and processes to drive results from operational and financial perspectives.

MR MAXTEIN OH KOK THAI
General Manager – Restaurant Operations

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

MR ZHENG FENGWEN
Advisor – Real Estate & Finance business

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

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

MR HAU EE BOON
Executive Chef

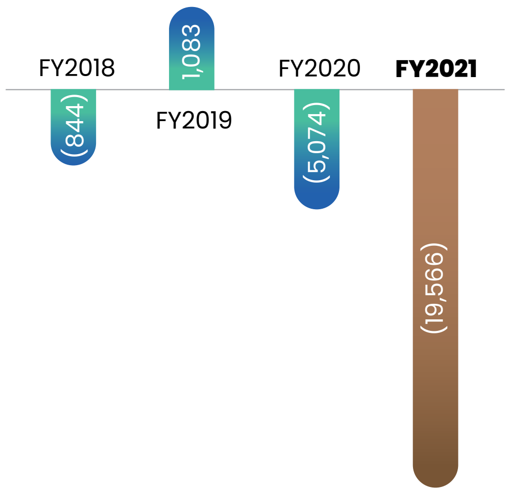
Mr Hau has a deep and extended relationship with the Group, having joined Thai Village Restaurant as one of the critical pioneer chefs in 1991, where he reported to the then Executive Chef, Mr Lee Tong Kuon. In 1999, Mr Hau and the then General Manager of the Group Mr Oh, ventured to China to establish 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

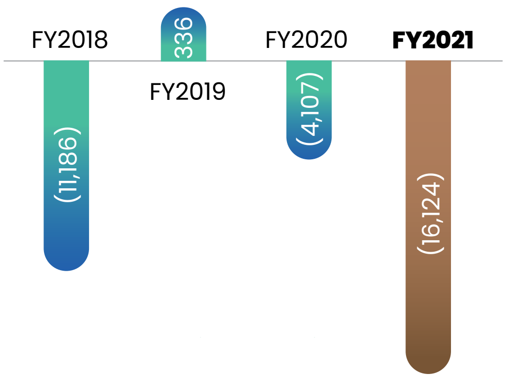
Mr Loh was newly appointed on 15 April 2018. As the Financial Controller, he is responsible for the financial and management reporting functions of the Group. Mr Loh has over a decade of experience having held various finance management roles since 1997, as well as accountant roles before that. Prior 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

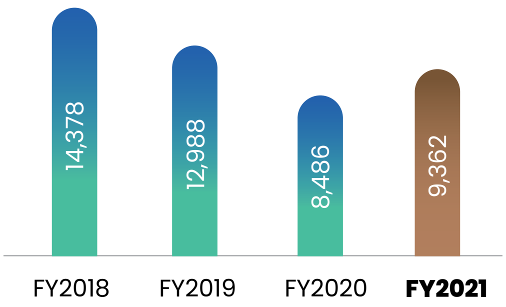
PROFIT/(LOSS) BEFORE TAXATION
(S$'000)



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



TURNOVER
(S$'000)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Dr. John Chen Seow Phun
Executive Chairman

Mr Lee Tong Soon
Managing Director

Mr Lim Ho Heng
Independent Director

Mr Ko Chuan Aun
Independent Director

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

COMPANY SECRETARY

Ms Chan Lai Yin

REGISTERED OFFICE

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

SHARE REGISTRAR

Tricor Barbinder Share Registation Services
(A division of Tricor Singapore Pte. Ltd.)

80 Robinson Road, #11-02,
Singapore 068898

AUDITORS

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

SELF-MANAGED RESTAURANTS

SINGAPORE (新加坡分店)

Goodwood Park
良木园
22 Scotts Road,
Goodwood Park Hotel
Singapore 228221
Tel: (65) 6440 8251
Fax: (65) 6440 0748

Singapore Indoor Stadium
新加坡室内体育馆
2 Stadium Walk, #01-02/03
Singapore Indoor Stadium
Singapore 397691
Tel: (65) 6440 2292
Fax: (65) 6440 7285

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

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

LICENSEE (RESTAURANT)

SINGAPORE
新加坡

Furama Riverfront
407 Havelock Road,
Annex@Furama Riverfront
#01-01, Singapore 169634
Tel: (65) 6931 8888/6235 5843

FINANCIAL STATEMENTS

13 DIRECTORS' STATEMENT

17 INDEPENDANT AUDITOR'S REPORT

23 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

24 STATEMENTS OF FINANCIAL POSITION

26 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

27 CONSOLIDATED STATEMENT OF CASH FLOWS

29 NOTES TO THE FINANCIAL STATEMENTS

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2021 and the statement of financial position of the Company as at 31 December 2021.

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 23 to 90 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 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(ii) at the date of this statement, based on the going concern assumptions set out in Note 2.1 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

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

Dr. John Chen Seow Phun
Lee Tong Soon
Lim Ho Heng (appointed on 22 April 2021)
Jo-Anne Chang
Ko Chuan Aun

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

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 31.12.2021	**At 1.1.2021**	**At 31.12.2021**	**At 1.1.2021**
Company				
Number of ordinary shares				
Dr. John Chen Seow Phun	-	-	23,163,525 (1)	23,163,525 (1)
Lee Tong Soon	24,135,526	24,135,526	12,500 (2)	12,500 (2)
Jo-Anne Chang	-	-	40,000,000 (3)	40,000,000 (3)

Note:

(1) 62,500 (2020: 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 (2020: 848,300) shares held by DBS Nominees Private Ltd. Additionally, 22,252,725 (2020: 22,252,725) shares are held in the name of Unigold Asia Limited, which is wholly owned by Dr. John Chen Seow Phun.

(2) 12,500 (2020: 12,500) shares are held in the name of Lee Chun Hui Crystal, who is the daughter of Lee Tong Soon.

(3) 40,000,000 (2020: 40,000,000) shares are held in the name of Rossbay Private Limited, of which Jo-Anne Chang is a director and shareholder.

The directors' interests in the ordinary shares of the Company as at 21 January 2022 were the same as those as at 31 December 2021.

SHARE OPTIONS

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

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

AUDIT COMMITTEE

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

Lim Ho Heng (Chairman)
Jo-Anne Chang
Ko Chuan Aun

All members of the Audit Committee are non-executive, and a majority are independent.

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 and the Company's management to the internal auditor and independent auditor;

b. To review the half yearly and annual consolidated financial statements and the independent auditor's report on the consolidated financial statements of the Group and the financial position of the Company before their submission to the Board;

c. To review effectiveness of the Group's and the Company's key internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditor;

d. To review the cooperation given by the management to the independent auditor;

e. To review legal and regulatory matters that may have a material impact on the consolidated financial statements, related compliance policies and programmes and any reports received from regulators;

f. To review the cost effectiveness and the independence and objectivity of the independent auditor;

g. To review the nature and extent of non-audit services provided by the independent auditor;

h. To recommend to the Board the appointment, re-appointment or removal of the independent auditor and approve the remuneration and terms of engagement of the independent auditor;

i. To review interested person transactions in accordance with the requirements of the Singapore Exchange Securities Trading Limited's (the "Singapore Exchange" or the "SGX-ST") Listing Manual; and

j. To conduct a review of interested person transaction to ensure that each transaction has been conducted on an arm's length basis.

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

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

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

AUDIT COMMITTEE (CONTINUED)

The Audit Committee convened two (2) meetings during the financial year with full attendance from all members. The Audit Committee met with independent auditor and internal auditor once in February 2021 and August 2021 respectively without the presence of the management. These meeting enable the independent auditor and internal auditor to raise issues encounter in the course of their work directly to the Audit Committee.

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

Independent auditor

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

On behalf of the directors

....
Lee Tong Soon
Director

....
Dr. John Chen Seow Phun
Director

1 April 2022

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 2021, 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 23 to 90.

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 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the financial statements

Key Audit Matters (continued)

(1) Going concern assumption
(Refer to Notes 2.1 and 30 to the financial statements)

Area of focus

The Group's wholly-owned subsidiary corporation, Pavillon Financing Leasing Co., Ltd ("PFL") and together with the major shareholder of an associated company, Fengchi IOT Management Co., Ltd. ("Fengchi IOT") have issued a 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 amounting to S$60,621,000 and S$35,508,000 (2020: S$56,827,000 and S$Nil) respectively.

As at 31 December 2021, Fengchi IOT's current liabilities amounted to S$42,310,000, including borrowings of S$6,272,000 and trade and other payables of S$35,508,000, whilst Fengchi IOT's current assets amounted to S$5,870,000, including unrestricted cash and cash equivalents amounted to S$1,323,000 may be insufficient to fulfil these obligations at the relevant repayment dates.

Notwithstanding the above mentioned, the Directors of the Company believe that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2021 is appropriate after taking into consideration the following measures and assumptions:

1) On 9 March 2022, the Company has entered into a Subscription Agreement with New Development Hotel Management Pte. Ltd. (the "Subscriber"), where it is agreed that, the Company shall allot and issue, and the Subscriber shall subscribe for S$42,935,961, in principal amount of new ordinary shares in the Company. The Proposed Subscription will be subject to several conditions stipulated in the Subscription Agreement and regulatory and shareholder's approval. The Company is in the midst of obtaining approval from the regulatory and will be seeking the shareholders' approval via an Extraordinary General Meeting to be convened by the Company. As agreed in the subscription agreement, the proceeds of S$42,935,961 shall be used to fund the operations of Fengchi IOT, including but not limited to the payment of bank borrowings and creditors of Fengchi IOT;

2) Fengchi IOT's bank loan is secured by (i) the properties of a major shareholder of Fengchi IOT, (ii) the investment properties of Fengchi IOT, and (iii) corporate guaranteed by the major shareholder of Fengchi IOT and PFL. The valuation of the properties secured for the bank loan is sufficient to cover the bank borrowings of Fengchi IOT;

3) The Group's food and beverages operations, being one of the core operations of the Group, are unaffected by any default of Fengchi IOT;

4) As at 31 December 2021, the Group is in net current assets and net assets position of S$2,198,000 and S$14,858,000 respectively, including cash and cash equivalents of S$6,791,000 and financial assets, at FVOCI of S$4,162,000 which are readily available for use and can be realised immediately as and when required;

5) The Directors of the Company has implemented the voluntary salary reductions which led to 10% reduction in directors' remuneration for the financial period from 1 March 2022 to 30 September 2022. The Directors of the Company will continue to review the situations towards the end of December 2022 on the need for any further extension or adjustments on such measures; and

6) Based on a 12-month projection, the Group will have sufficient cash flow to meet the operating requirements, assuming the completion of the transactions under the subscription agreement.

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the financial statements

Key Audit Matters (continued)

(1) Going concern assumption (continued)
(Refer to Notes 2.1 and 30 to the financial statements)

Area of focus (continued)

We focused on this area because of the level of subjectivity associated with the assumptions applied in the assessment of the going concern of the Group that is required to be made by the Director of the Company, including expectations of future events that are believed to be reasonable under the circumstances.

How our audit addressed this key audit matter
In obtaining sufficient audit evidence, we have performed the following procedures:

- Discussed with management and obtained an understanding on the Group's business plans and financing requirements and obtained written representations from management and the Board of Directors, regarding their plans for future actions and the feasibility of these plans;
- Reviewed the subscription agreement and evaluated management's plan to fund the operations of Fengchi IOT;
- Evaluated management assessment of the Group's ability to continue as a going concern through obtaining management's forecast of the cash flows projection of the Group over the next twelve months from the date of the financial statements and assessed the reasonableness of the key assumptions used by checking against the Group's business plans and historical performance;
- Challenged the appropriateness of the key assumptions used by management in the cash flow projection, including timing of cash required for operations, the Group's forecasts of revenue and operating expenses; and
- Reviewed the adequacy and appropriateness of the disclosures made in the financial statements.

(2) 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 2021, the carrying amount of the investment in Fengchi IOT was S$7,818,000 which represented 33% of total assets of the Group. The principal activity of the Fengchi IOT is those relating to warehouse and logistics management.

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 to earn rentals and held for long-term in appreciation of value.

The investment properties measured initially at cost amounted to S$132,181,000 and subsequently carried at fair value amounted to S$106,400,000, determined by an independent valuer. Accordingly, Fengchi IOT recorded a net loss of S$31,329,000 for the financial year ended 31 December 2021, which mainly comprised of fair value loss on investment properties amounted to S$25,781,000 as the carrying amount of the investment properties is higher than fair value as at the reporting date.

Accordingly, the Group's share of losses of Fengchi IOT amounted to S$15,351,000 for the financial year ended 31 December 2021.

We focused on this area 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, terminal capitalisation rates, revenue growth rates, discount rates and vacancy rates) used by the independent valuer, which has significant impact on the equity accounting for investment in Fengchi IOT, and the carrying amount of the investment in Fengchi IOT is significant to the Group.

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the financial statements

Key Audit Matters (continued)

(2) 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)

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 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.

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.

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the financial statements

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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.

INDEPENDENT AUDITOR'S REPORT

Report on the audit of the financial statements

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

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

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

Report on Other Legal and Regulatory Requirements

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

The engagement director on the audit resulting in this independent auditor's report is Teh Yeu Horng.

Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants

Singapore

1 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	2021 S$'000	2020 S$'000
Revenue	4	9,362	8,486
Other items of income			
Interest income – bank deposits		77	62
Other income	5	1,012	2,136
Items of expenses			
Raw materials and changes in inventories	13	(3,322)	(3,002)
Employee compensation	6	(6,148)	(5,693)
Depreciation expense	19	(1,683)	(1,813)
Finance expenses	7	(143)	(135)
Currency exchange gains - net		1	100
Impairment loss on financial assets at amortised cost	31(b)	-	(2,372)
Other operating expenses	8	(3,371)	(2,292)
Total expenses		(14,666)	(15,207)
Share of loss of associated companies	17	(15,351)	(551)
Loss before income tax		(19,566)	(5,074)
Income tax credit	9(a)	64	59
Net loss		(19,502)	(5,015)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss:			
- Currency translation gains arising from consolidation		927	1,103
Items that will not be reclassified subsequently to profit or loss:			
- Currency translation gains arising from consolidation		230	308
- Fair value (losses)/gains – financial assets, at FVOCI	16	(58)	358
		1,099	1,769
Total comprehensive loss		(18,403)	(3,246)
Loss attributable to:			
Equity holders of the Company		(16,124)	(4,107)
Non-controlling interests		(3,378)	(908)
		(19,502)	(5,015)
Total comprehensive loss attributable to:			
Equity holders of the Company		(15,241)	(2,732)
Non-controlling interests		(3,162)	(514)
		(18,403)	(3,246)
Loss per share for loss attributable to equity holders of the Company (cents per share)			
- Basic	10	(4.16)	(1.06)
- Diluted	10	(4.16)	(1.06)

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Group 2021 S$'000	Group 2020 S$'000
ASSETS			
Current assets			
Cash and cash equivalents	11	6,791	8,372
Trade and other receivables	12	941	499
Inventories	13	650	450
		8,382	9,321
Non-current assets			
Trade and other receivables	14	417	405
Financial asset, at FVOCI	16	4,162	4,220
Investments in associated companies	17	7,818	22,218
Property, plant and equipment	19	2,780	4,032
		15,177	30,875
Total assets		23,559	40,196
LIABILITIES			
Current liabilities			
Trade and other payables	22	4,131	1,947
Current income tax liabilities	9(b)	2	31
Borrowings	23	2,051	1,991
		6,184	3,969
Non-current liabilities			
Trade and other payables	22	130	100
Borrowings	23	2,141	2,585
Provisions	24	198	198
Deferred tax liabilities	25	48	83
		2,517	2,966
Total liabilities		8,701	6,935
NET ASSETS		14,858	33,261
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	39,433	39,433
Other reserves	27	4,180	3,297
Accumulated losses		(31,192)	(15,068)
		12,421	27,662
Non-controlling interests	18	2,437	5,599
TOTAL EQUITY		14,858	33,261

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2021

	Note	Company 2021	Company 2020
		S$'000	**S$'000**
ASSETS			
Current assets			
Cash and cash equivalents	11	17	17
Trade and other receivables	12	772	481
		789	498
Non-current assets			
Investments in subsidiary corporations	18	13,452	27,558
Property, plant and equipment	19	-	2
		13,452	27,560
Total assets		14,241	28,058
LIABILITIES			
Current liabilities			
Trade and other payables	22	3,833	1,503
Borrowings	23	723	720
		4,556	2,223
Non-current liabilities			
Trade and other payables	22	130	100
Borrowings	23	766	1,061
		896	1,161
Total liabilities		5,452	3,384
NET ASSETS		8,789	24,674
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	26	39,433	39,433
Accumulated losses	28	(30,644)	(14,759)
TOTAL EQUITY		8,789	24,674

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	Attributable to the equity holders of the Company							
		Other reserves						
	Share capital	Currency translation reserve	Capital reserve	Fair value reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
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
2020								
Balance as at 1 January 2020	39,433	(1,556)	3,478	-	(10,961)	30,394	6,113	36,507
Net loss for the financial year	-	-	-	-	(4,107)	(4,107)	(908)	(5,015)
Other comprehensive income for the financial year	-	1,103	-	272	-	1,375	394	1,769
Balance as at 31 December 2020	39,433	(453)	3,478	272	(15,068)	27,662	5,599	33,261

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	2021	2020
		S$'000	S$'000
Cash flows from operating activities			
Net loss		(19,502)	(5,015)
Adjustments for:			
- Depreciation of property, plant and equipment	19	1,683	1,813
- Gain on disposal of property, plant and equipment	5	(23)	(241)
- Gain on lease modification relating to termination of the lease	5	-	(11)
- Rental concession	5	(62)	(646)
- Income tax credit	9(a)	(64)	(59)
- Interest expense	7	143	135
- Interest income		(77)	(62)
- Share of loss of associated companies	17	15,351	551
- Write-off of property, plant and equipment		-	9
- Unrealised currency translation losses/(gains)		35	(123)
		(2,516)	(3,649)
Change in working capital:			
- Inventories		(200)	550
- Trade and other receivables		(454)	4,517
- Trade and other payables		2,214	(2,141)
- Provisions		-	(20)
Net cash used in operating activities		(956)	(743)
Cash flows from investing activities			
Additions to property, plant and equipment		(161)	(692)
Proceeds from disposal of property, plant and equipment		34	241
Interest received		77	62
Net cash used in investing activities		(50)	(389)
Cash flows from financing activities			
Principal payment of lease liabilities		(1,254)	(868)
Proceeds from borrowings		1,000	1,500
Principal payment of borrowings		(347)	(139)
Interest paid		(143)	(135)
Net cash (used in)/provided by financing activities		(744)	358
Net decrease in cash and cash equivalents		(1,750)	(774)
Cash and cash equivalents			
Beginning of financial year		7,952	8,300
Effects of currency translation on cash and cash equivalents		174	426
End of financial year	11	6,376	7,952

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

Reconciliation of liabilities arising from financing activities

	1 January 2021	Proceeds from borrowings	Principal and interest payments	Non-cash changes: Addition during the 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

	1 January 2020	Proceeds from borrowings	Principal and interest payments	Non-cash changes: Addition during the year	Rental concession	Modification of lease liability	Interest expense	Foreign exchange movement	31 December 2020
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Bank borrowings	-	1,500	(163)	-	-	-	24	-	1,361
Lease liabilities	2,196	-	(961)	2,368	(646)	(277)	93	22	2,795

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

NOTES TO THE FINANCIAL STATMENTS

For the financial year ended 31 December 2021

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.

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

Coronavirus (COVID-19) Impact

The COVID-19 pandemic has affected almost all countries in the world and resulted in border closures, production stoppage, workplace closures, movement controls and other measures imposed by the various governments. The Group’s significant operations are in Singapore and People’s Republic of China, all which have been affected by the spread of COVID-19 since 2020. Set out below is the impact of COVID-19 on the Group’s financial performance reflected in this set of financial statements for the financial year ended 31 December 2021.

(i) An assessment was made that the going concern basis of preparation for this set of financial statements remain appropriate (Note 2.1 - Going Concern).

(ii) During the financial year ended 31 December 2021, the performance of food and beverage operations has improved as compared to the financial year ended 31 December 2020. However, it continues to remain challenging due to the restriction of group size for dine-in, and the absence of tourists.

(iii) The Group has considered the market conditions (including the impact of COVID-19) as at the reporting date, in making estimates and judgements on the recoverability of assets as at 31 December 2021. The significant estimates and judgement applied on investments in associated companies (Note 3(a)).

The Group will continue to keep a vigilant watch on the challenges that may arise from the ongoing COVID-19 pandemic and uncertainties in the wider macro environment.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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.

Going concern

The Group's wholly-owned subsidiary corporation, Pavillon Financing Leasing Co., Ltd ("PFL") and together with the major shareholder of an associated company, Fengchi IOT Management Co., Ltd. ("Fengchi IOT") have issued a 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 amounting to S$60,621,000 and S$35,508,000 (2020: S$56,827,000 and S$Nil) respectively (Note 30).

As at 31 December 2021, Fengchi IOT's current liabilities amounted to S$42,310,000, including borrowings of S$6,272,000 and trade and other payables of S$35,508,000, whilst Fengchi IOT's current assets amounted to S$5,870,000, including unrestricted cash and cash equivalents amounted to S$1,323,000 may be insufficient to fulfil these obligations at the relevant repayment dates.

Notwithstanding the above mentioned, the Directors of the Company believe that the use of the going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2021 is appropriate after taking into consideration the following measures and assumptions:

1) On 9 March 2022, the Company has entered into a Subscription Agreement with New Development Hotel Management Pte. Ltd. (the "Subscriber"), where it is agreed that, the Company shall allot and issue, and the Subscriber shall subscribe for S$42,935,961, in principal amount of new ordinary shares in the Company. The Proposed Subscription will be subject to several conditions stipulated in the Subscription Agreement and regulatory and shareholder's approval. The Company is in the midst of obtaining approval from the regulatory and will be seeking the shareholders' approval via an Extraordinary General Meeting to be convened by the Company. As agreed in the subscription agreement, the proceeds of S$42,935,961 shall be used to fund the operations of Fengchi IOT, including but not limited to the payment of bank borrowings and creditors of Fengchi IOT;

2) Fengchi IOT's bank loan is secured by (i) the properties of a major shareholder of Fengchi IOT, (ii) the investment properties of Fengchi IOT, and (iii) corporate guaranteed by the major shareholder of Fengchi IOT and PFL. The valuation of the properties secured for the bank loan is sufficient to cover the bank borrowings of Fengchi IOT;

3) The Group's food and beverages operations, being one of the core operations of the Group, are unaffected by any default of Fengchi IOT;

4) As at 31 December 2021, the Group is in net current assets and net assets position of S$2,198,000 and S$14,858,000 respectively, including cash and cash equivalents of S$6,791,000 and financial assets, at FVOCI of S$4,162,000 which are readily available for use and can be realised immediately as and when required;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

Going concern (continued)

5) The Directors of the Company has implemented the voluntary salary reductions which led to 10% reduction in directors' remuneration for the financial period from 1 March 2022 to 30 September 2022. The Directors of the Company will continue to review the situations towards the end of December 2022 on the need for any further extension or adjustments on such measures; and

6) Based on a 12-month projection, the Group will have sufficient cash flow to meet the operating requirements, assuming the completion of the transactions under the subscription agreement.

Interpretations and amendments to published standards effective in 2021

On 1 January 2021, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition

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

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

(a) *Revenue from restaurant operations*

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

The Group does not operate any customer loyalty programme.

(b) *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.

(c) *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.

(d) *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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(a) *Subsidiary corporations* (continued)

(ii) *Acquisitions*

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

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

Acquisition-related costs are expensed as incurred.

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

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

The excess of the (a) consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair values of the identifiable net assets acquired is recorded as goodwill. If those amounts are less than the fair value of the identifiable net assets of the subsidiary 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (continued)

(b) Transactions with non-controlling interests

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

(c) Associated companies

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

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

(i) Acquisitions

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

(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 2021

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.

(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:

	Useful lives
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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (continued)

(b) *Depreciation* (continued)

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 - *Property, plant and equipment* and are recognised in profit or loss using the effective interest method.

2.7 Investments in subsidiary corporations and associated companies

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

2.8 Impairment of non-financial assets

Property, plant and equipment
Right-of-use assets
Investments in subsidiary corporations and associated companies

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets (continued)

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.

At initial recognition

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

At subsequent measurement

(i) Debit instruments

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

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

(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 (losses)/gains" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "Dividend income".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

(b) *Impairment*

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 31(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.

(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 statments. 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 2021

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”.

(ii) *Lease liabilities*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Leases (continued)

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

(ii) Lease liabilities (continued)

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

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

- There is a change in future lease payments arising from changes in an index or rate;

- There is a change in the Group's assessment of whether it will exercise an extension option; or

- There is a modification in the scope or the consideration of the lease that was not part of the original term.

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Where necessary, write-down is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

2.16 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Provisions

(a) *General*

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

(b) *Asset dismantlement, removal or restoration*

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

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

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

2.18 Employee compensation

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.

<u>Singapore</u>

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee compensation (continued)

(a) *Defined contribution plans* (continued)

People's Republic of China ("PRC")

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

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

(b) *Employee leave entitlement*

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

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Currency translation (continued)

(b) *Transactions and balances* (continued)

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

All other foreign exchange gains or losses impacting profit or loss are presented on the face of the consolidated statement of comprehensive income. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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 investment properties of an associated company are initially recognised at cost and subsequently carried at fair value. During the financial year ended 31 December 2021, the Group has engaged an independent valuer to determine the fair value of the investment properties. The valuation is determined using income approach, which provides an indication of value by converting future cash flow to a single current value. Under the income approach, the 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, terminal capitalisation rates, revenue growth rates, discount rates and vacancy rates).

The fair value determined by the independent valuer is S$106,400,000 which is lower than the cost amounted to S$132,181,000. Accordingly, Fengchi IOT recorded a net loss of S$31,329,000, which mainly comprised of fair value loss on investment properties amounted to S$25,781,000.

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

(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 applied discount rate to the estimated equity value to account for a 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 2021 and the fair value changes for the financial year ended 31 December 2021 are disclosed in Note 16 to the financial statements.

If the estimated fair value increased/decreased by 10%, the carrying amount of the financial assets, at FVOCI will be increased/decreased by S$416,000 (2020: S$422,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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**
2021				
Over time				
Royalty fees	-	42	32	74
Point in time				
Restaurant operations	9,212	-	-	9,212
Rental income	-	-	63	63
Other	-	-	13	13
	9,212	42	108	9,362
2020				
Over time				
Royalty fees	-	51	81	132
Point in time				
Restaurant operations	8,069	-	-	8,069
Rental income	-	-	285	285
	8,069	51	366	8,486

5 OTHER INCOME

	Group	
	2021	**2020**
	S$'000	**S$'000**
Government grants		
- Special Employment Credit [1]	24	51
- Wage Credit Scheme [2]	13	10
- Jobs Support Scheme [3]	560	1,035
- Rental concession [4]	-	489
- Rental Support Scheme [5]	245	-
	842	1,585
Gain on disposal of property plant and equipment	23	241
Gain on lease modification relating to termination of the lease	-	11
Rental concession [6]	62	157
Other	85	142
	1,012	2,136

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5 OTHER INCOME (CONTINUED)

(1) The Special Employment Credit ("SEC") was introduced as a Budget Initiative in 2011 to support employers, and to raise the employability of older low-wage Singaporeans. It was enhanced in 2012 to provide employers with continuing support to hire older Singaporean workers and Persons with Disabilities. At Budget 2016, the SEC was extended for three years (viz. 2017 to 2020) to provide wage offsets to employers hiring Singaporean workers aged 55 and above, and earning up to S$4,000. The Minister for Finance announced a further one-year extension of SEC to end-2020 at Budget 2019. The SEC scheme has ended. The final SEC payout was made to all eligible employers in March 2021.

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

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

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

(5) The Rental Support Scheme (the "RSS") pertained to the rental rebate given by the Singapore Government.

(6) Included within are COVID-19 related rent concessions received from lessors.

6 EMPLOYEE COMPENSATION

	Group	
	2021	2020
	S$'000	S$'000
Salaries and bonus	4,911	4,720
Employer's contribution to defined contributions plan	451	329
Termination benefits [1]	153	-
Other short-term benefits	633	644
	6,148	5,693

(1) 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.

7 FINANCE EXPENSES

	Group	
	2021	2020
	S$'000	S$'000
Interest expense		
- Bank overdraft	23	18
- Bank borrowings	49	24
- Lease liabilities (Note 20(b))	71	93
	143	135

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

8 OTHER OPERATING EXPENSES

	Group	
	2021	2020
	S$'000	S$'000
Advertisement	5	24
Auditor's remuneration paid/payable to:		
- Auditor of the Company	114	97
- Other auditors [a]	17	19
Bank charges	181	167
Cleaning	122	127
Consumables	71	62
Entertainment	62	83
General	122	116
Insurance	13	18
Other taxes	1,384	-
Printing and stationery	16	36
Professional fees	127	205
Rental expenses (Note 20(c))	75	43
Repair and maintenance	48	63
Stamp duty	-	15
Services charge	495	684
Telecommunication	20	28
Travelling and transportation	72	95
Upkeep of motor vehicles	60	54
Utilities	282	280
Other	85	76
Total other operating expenses	3,371	2,292

[a] Includes Shanghai Nexia TS Certified Public Accountants

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9 INCOME TAXES

(a) Income tax expense

	Group	
	2021	2020
	S$'000	S$'000
Tax expense attributable to loss is made up of:		
Loss for the financial year:		
- Current income tax - Singapore (Note 9(b))	2	31
- Deferred income tax (Note 25)	(35)	16
	(33)	47
Over provision of income tax in prior financial years:		
- Current income tax - Singapore (Note 9(b))	(31)	(106)
	(64)	(59)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9 INCOME TAXES (CONTINUED)

(a) *Income tax expense* (continued)

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

	Group	
	2021	2020
	S$'000	S$'000
Loss before income tax	(19,566)	(5,074)
Share of loss of associated companies (Note 17)	15,351	551
Loss before income tax and share of loss of associated companies	(4,215)	(4,523)
Tax calculated at tax rate of 17% (2020: 17%)	(717)	(769)
Effects of:		
- Different tax rates in other countries	(1)	(405)
- Income not subject to tax	(101)	(171)
- Expenses not deductible for tax purposes	91	541
- Utilisation of previously unrecognised tax losses	(230)	-
- Tax incentives	-	(26)
- Deferred tax assets not recognised	922	874
- Over provision of tax in prior financial years	(31)	(106)
- Other	3	3
Tax credit	(64)	(59)

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$14,441,000 (2020: S$10,370,000) 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$11,236,000 (2020: S$5,818,000) which can only be carried forward up to 5 years.

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

	Group	
	2021	2020
	S$'000	S$'000
Beginning of financial year	31	106
Tax expense (Note 9(a))	2	31
Over provision in prior financial years (Note 9(a))	(31)	(106)
End of financial year	2	31

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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	
	2021	2020
Loss attributable to equity holders of the Company (S$'000)	(16,124)	(4,107)
Weighted average number of ordinary shares outstanding for basic earnings per share	387,748,700	387,748,700
Basic loss per share (cents per share)	(4.16)	(1.06)

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

11 CASH AND CASH EQUIVALENTS

	Group		Company	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Cash at bank and on hand	5,333	4,718	17	17
Short-term bank deposits	1,458	3,654	-	-
	6,791	8,372	17	17

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

	Group	
	2021	2020
	S$'000	S$'000
Cash at bank and on hand (as above)	6,791	8,372
Less : Bank overdrafts (Note 23)	(415)	(420)
Cash and cash equivalents per consolidated statement of cash flows	6,376	7,952

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

12 TRADE AND OTHER RECEIVABLES – CURRENT

	Group		Company	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Finance lease receivables				
- Non-related parties	9,391	8,645	-	-
Less: Loss allowance (Note 31(b))	(9,391)	(8,645)	-	-
Finance lease receivables - net	-	-	-	-
Trade receivables				
- Non-related parties	88	20	6	20
- Subsidiary corporations	-	-	373	119
	88	20	379	139
Less: Loss allowance (Note 31(b))	-	-	(49)	(49)
Trade receivables – net	88	20	330	90
Other receivables				
- Non-related parties (a)	7,441	7,335	17	48
- Subsidiary corporations (b)	-	-	3,751	3,656
	7,441	7,335	3,768	3,704
Less: Loss allowance (Note 31(b))	(7,374)	(7,034)	(3,353)	(3,353)
Other receivables - net	67	301	415	351
Prepayments	686	90	27	38
Deposits	74	62	-	-
Staff loans (Note 15)	26	26	-	2
	941	499	772	481

Included in other receivables are the following:

(a) Amount due from a non-related party for a loan amounting to S$7,374,000 (2020: S$7,034,000). The loan is secured by various personal assets from the non-related party with interest fixed at 10% (2020: 10%) per annum and repayable by 20 November 2018.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13 INVENTORIES

	Group	
	2021	2020
	S$'000	S$'000
Processed inventories	620	390
Raw materials	30	60
	650	450

The cost of inventories recognised as an expense presented on the Consolidated Statement of Comprehensive Income amounted to S$3,322,000 (2020: S$3,002,000).

14 TRADE AND OTHER RECEIVABLES – NON-CURRENT

	Group	
	2021	2020
	S$'000	S$'000
Deposits	405	405
Staff loans (Note 15)	12	-
	417	405

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

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

	Group			
	Borrowing rates		Fair value	
	2021	2020	2021	2020
	%	%	S$'000	S$'000
Deposits	0.10	0.13	403	403
Staff loans	5.25	-	8	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15 STAFF LOANS

	Group		Company	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Receivables due				
- Within one year (Note 12)	26	26	-	2
- Between one year and five years (Note 14)	12	-	-	-
	38	26	-	2

Staff loans include a loan amounting to S$2,000 made to a member of key management personnel of the Group (who is not the director of the Group) for the financial year ended 31 December 2020. The loan is unsecured, interest free and repayable on demand.

16 FINANCIAL ASSETS, AT FVOCI

	Group	
	2021	2020
	S$'000	S$'000
Unquoted equity security – Lingbao Gold Group Co., Ltd ("Lingbao")		
Beginning of financial year	4,220	3,862
Fair value (losses)/gains (Note 27(b)(iii))	(58)	358
End of financial year	4,162	4,220

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

17 INVESTMENTS IN ASSOCIATED COMPANIES

	Group	
	2021	2020
	S$'000	S$'000
Investments at equity accounting		
Beginning of financial year	22,218	21,667
Currency translation differences	951	1,102
Share of loss of associated companies	(15,351)	(551)
End of financial year	7,818	22,218

Set out below are the associated companies of the Group as at 31 December 2021 and 2020. The associated companies have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation is also their principal place of business.

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

Name of associated companies	Principal activities	Place of business / country of incorporation	% of ownership interest 31 December	
			2021	2020
Held through Pavillon Financial Leasing Co., Ltd.				
Fengchi IOT Management Co., Ltd. ("Fengchi IOT") [(a)]	Warehouse and logistic management	PRC	49	49
Held through Fengchi IOT				
Tianjin Fengyu Corporate Secretarial Co., Ltd. [(b)]	Provision of corporate secretarial services	PRC	49	49

(a) Audited by 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

17 INVESTMENTS IN ASSOCIATED COMPANIES (CONTINUED)

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

Summarised statement of financial position

	2021	2020
	S$'000	**S$'000**
Current		
Assets	5,870	39,245
Liabilities	(42,310)	(12,960)
Total net current (liabilities)/assets	(36,440)	26,285
Non-current		
Assets	106,743	68,925
Liabilities	(54,349)	(56,827)
Total net non-current assets	52,394	12,098
Net assets	15,954	38,383

Reconciliation of summarised financial information

	2021	2020
	S$'000	**S$'000**
Proportion of the Group's ownership	49%	49%
Group's share of net assets	7,818	18,808
Fair value adjustment	-	3,410
Carrying value of the Group's interest in the associated companies	7,818	22,218

Summarised statement of comprehensive income

	2021	2020
	S$'000	**S$'000**
Revenue	103	3
Loss before income tax	(31,432)	(1,127)
Total comprehensive loss, representing net loss	(31,329)	(1,124)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2021	2020
	S$'000	S$'000
Cost		
Beginning and end of financial year	33,611	33,611
Accumulated impairment losses		
Beginning of financial year	(6,053)	(6,053)
Impairment for the financial year	(14,106)	-
End of financial year	(20,159)	(6,053)
	13,452	27,558

Significant restrictions

Cash and cash equivalents of S$3,794,000 (2020: S$5,428,000) are hold 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.

2021

The impairment test assessment was carried out by management as at 31 December 2021 for the subsidiary corporation – Pavillon Financial Leasing Co., Ltd. The recoverable amount was determined based on fair value less cost to sell 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.

2020

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

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	
			2021	2020	2021	2020	2021	2020
			%	%	%	%	%	%
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 Financial Leasing Co., Ltd. (b)	Financial leasing of all kind of machineries, tools and equipment	PRC	75.98	75.98	75.98	75.98	24.02	24.02
Pavillon Business Development (Shanghai) Co., Ltd. (b)	Business development, trading, import and export of machineries and investment holdings	PRC	100	100	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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	
			2021	2020	2021	2020	2021	2020
			%	%	%	%	%	%
Held by the Company								
Tianjin Yixing Intelligent Washing Technology Co., Ltd. (Formerly known as State Research Pavillon Finance Leasing Co., Ltd.) (b)	Financial leasing of all kind of machineries, tools and equipment	PRC	50	50	87.99	87.99	12.01	12.01
Fengchi Real Estate Sdn. Bhd. (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	-	-

(a) *Audited by Nexia TS Public Accounting Corporation*
(b) *Audited by 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*

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Carrying value of non-controlling interests

	2021	2020
	S$'000	S$'000
Pavillon Financial Leasing Co., Ltd.	1,449	5,580
Tianjin Yixing Intelligent Washing Technology Co., Ltd. (Formerly known as State Research Pavillon Finance Leasing Co., Ltd.)	988	19
Total	2,437	5,599

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

	Pavillon Financial Leasing Co., Ltd.		Tianjin Yixing Intelligent Washing Technology Co., Ltd. (Formerly known as State Research Pavillon Finance Leasing Co., Ltd.)	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Current				
Assets	346	1,138	8,162	8,015
Liabilities	(6,298)	(4,535)	(97)	(3)
Total current net (liabilities)/assets	(5,952)	(3,397)	8,065	8,012
Non-current				
Assets	15,911	30,008	313	-
Liabilities	-	-	(146)	-
Total non-current net assets	15,911	30,008	167	-
Net assets	9,959	26,611	8,232	8,012

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

18 INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

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

Summarised statement of comprehensive income

	Pavillon Financial Leasing Co., Ltd.		Tianjin Yixing Intelligent Washing Technology Co., Ltd. (Formerly known as State Research Pavillon Finance Leasing Co., Ltd.)	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Revenue	-	-	13	-
Loss before income tax	(17,722)	(3,773)	(178)	(17)
Total comprehensive loss, representing net loss	(17,722)	(3,773)	(165)	(17)

Summarised statement of cash flows

	Pavillon Financial Leasing Co., Ltd.		Tianjin Yixing Intelligent Washing Technology Co., Ltd. (Formerly known as State Research Pavillon Finance Leasing Co., Ltd.)	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Net cash (used in)/provided by operating activities	(912)	(584)	(576)	399
Net cash used in investing activities	(3)	(220)	(330)	-
Net cash provided by financing activities	-	-	252	-
Net (decrease)/increase in cash and cash equivalents	(915)	(804)	(654)	399
Beginning of financial year	1,113	1,920	4,192	3,793
Effects of currency translation on cash and cash equivalents	-	(3)	(44)	-
End of financial year	198	1,113	3,494	4,192

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2021

19 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties	Furniture and fittings	Plant and machinery	Motor vehicles	Computers	Operating supplies	Renovation	Construction-in-progress	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group									
2021									
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/write off	-	(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/write off	-	(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 2021

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Right-of-use of assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 20(a) to the financial statements.

(b) Included within additions in the consolidated financial statements for the financial year ended 31 December 2021 are motor vehicles acquired under finance leases amounting to S$Nil (2020: S$832,000).

	Company	
	2021	2020
	S$'000	S$'000
Computers		
Cost		
Beginning of financial year	10	16
Additions	-	10
Written-off	-	(16)
End of financial year	10	10
Accumulated depreciation		
Beginning of financial year	8	16
Depreciation charge	2	8
Written-off	-	(16)
End of financial year	10	8
Net book value		
End of financial year	-	2

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 2021

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	Motor vehicles	Total
	S$'000	S$'000	S$'000
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
2020			
Beginning of financial year	2,005	316	2,321
Currency translation differences	22	-	22
Additions	2,068	832	2,900
Lease modification	(267)	-	(267)
Depreciation	(1,452)	(235)	(1,687)
End of financial year	2,376	913	3,289

(b) *Interest expense*

	2021	2020
	S$'000	S$'000
Interest expense on lease liabilities (Note 7)	71	93

(c) *Lease expense not capitalised in lease liabilities*

	2021	2020
	S$'000	S$'000
Lease expense – short-term and low-value leases (Note 8)	75	43

(d) Total cash outflow for all the leases in 2021 was S$1,400,000 (2020 S$1,004,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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 third parties for monthly lease payments. The sub-lease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as an operating leases.

Income from sub-leasing the office space recognised during the financial year ended 31 December 2021 was S$63,000 (2020: S$285,000).

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

	2021	2020
	S$'000	S$'000
Total undiscounted lease payment less than one year	-	38

22 TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Current				
Trade payables				
- Non-related parties	770	207	-	-
Other payables				
- Non-related parties	2,213	995	23	92
- Subsidiary corporations	-	-	3,296	1,070
- Directors	68	68	68	68
Accruals for operating expenses	1,080	677	446	273
	3,361	1,740	3,833	1,503
	4,131	1,947	3,833	1,503
Non-current				
Franchise deposits	130	100	130	100
Total trade and other payables	4,261	2,047	3,963	1,603

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 2021

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	
	2021	**2020**
	S$'000	**S$'000**
Group and Company		
Franchise deposits	125	77

	Borrowing rates	
	2021	**2020**
	%	**%**
Group and Company		
Franchise deposits	3.75	3.00

23 BORROWINGS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Current				
Bank overdrafts (Note 11)	415	420	415	420
Bank borrowings	496	300	308	300
Lease liabilities	1,140	1,271	-	-
	2,051	1,991	723	720
Non-current				
Bank borrowings	1,518	1,061	766	1,061
Lease liabilities	623	1,524	-	-
	2,141	2,585	766	1,061
Total borrowings	4,192	4,576	1,489	1,781

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

23 BORROWINGS (CONTINUED)

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	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
6 months or less	656	575	562	576
6 – 12 months	255	144	161	144
1 – 5 years	1,518	1,062	766	1,061
	2,429	1,781	1,489	1,781

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

	Group		Company	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Bank borrowings	1,673	1,172	834	1,172

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	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Bank borrowings	3% - 3.75%	3%	3%	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 30).

24 PROVISIONS

	Group	
	2021	2020
	S$'000	S$'000
Provision for reinstatement cost		
Beginning of financial year	198	218
Reversal	-	(20)
End of financial year	198	198

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

24 PROVISIONS (CONTINUED)

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

25 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	
	2021	2020
	S$'000	S$'000
Deferred income tax liabilities, representing accelerated tax depreciation		
- to be settled within one year	48	83

Movement in deferred income tax liabilities account is as follows:

	Group	
	2021	2020
	S$'000	S$'000
Beginning of financial year	83	67
(Credited)/charged to profit or loss (Note 9(a))	(35)	16
End of financial year	48	83

26 SHARE CAPITAL

	Group and Company	
	Number of shares	Issued and paid-up share capital
		S$'000
As at 31 December 2021 and 2020	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 2021

27 OTHER RESERVES

(a) Composition:

	Group	
	2021	**2020**
	S$'000	**S$'000**
Capital reserve	3,478	3,478
Currency translation reserve	474	(453)
Fair value reserve	228	272
	4,180	3,297

(b) Movements:

	Group	
	2021	**2020**
	S$'000	**S$'000**
(i) *Capital reserve*		
Beginning and end of financial year	3,478	3,478
(ii) *Currency translation reserve*		
Beginning of financial year	(453)	(1,556)
Currency translation differences of financial statements of foreign subsidiary corporations	1,157	1,411
Less: non-controlling interests	(230)	(308)
End of financial year	474	(453)
(iii) *Fair value reserve*		
Beginning of financial year	272	-
Financial assets, at FVOCI		
- Fair value (losses)/gains (Note 16)	(58)	358
Add/(less): non-controlling interests	14	(86)
End of financial year	228	272

Other reserves are non-distributable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

28 ACCUMULATED LOSSES

Movements in accumulated losses of the Company is as follows:

	Company	
	2021	2020
	S$'000	S$'000
Beginning of financial year	(14,759)	(11,735)
Net loss	(15,885)	(3,024)
End of financial year	(30,644)	(14,759)

29 COMMITMENTS

Capital commitments

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

	Group	
	2021	2020
	S$'000	S$'000
Capital commitment in relations to capital injection into investments in PRC		
- Subsidiary corporations	105,610	100,746
- Associated company	209	199
Property, plant and equipment	342	-
	106,161	100,945

30 CORPORATE GUARANTEES

The Company has issued corporate guarantees to a bank to secure a subsidiary corporation's bank loan (Note 23). The bank borrowings amounting to S$939,000 (2020: S$Nil) at the reporting date.

A subsidiary corporation of the Company – 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. These bank borrowings and trade payables amounted to S$60,621,000 and S$35,508,000 (2020: S$56,827,000 and S$Nil) respectively.

These guarantees are subject to the impairment requirements of SFRS(I)9. Based on the Going concern assumption stated in Note 2.1 to the financial statements, the directors have assessed that the subsidiary corporation and Fengchi IOT have the ability to meet the contractual cash flow obligation in the near future. Hence the directors do not expect significant credit losses arising from these guarantees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31 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.

(a) Market risk

(i) Currency risk

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

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

	SGD	RMB	Other	Total
	S$'000	S$'000	S$'000	S$'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 2021

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) *Currency risk* (continued)

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31 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	RMB	Other	Total
	S$'000	S$'000	S$'000	S$'000
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 2021

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

	SGD	RMB	Other	Total
	S$'000	S$'000	S$'000	S$'000
31 December 2020				
Financial assets				
Cash and cash equivalents	17	-	-	17
Trade and other receivables	424	15	4	443
	441	15	4	460
Financial liabilities				
Trade and other payables	(1,603)	-	-	(1,603)
Borrowings	(1,781)	-	-	(1,781)
	(3,384)	-	-	(3,384)
Net financial (liabilities)/assets	(2,943)	15	4	(2,924)
Add: Net financial liabilities denominated in the Company's functional currency	2,943	-	-	2,943
Currency exposure of financial assets	-	15	4	19

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (continued)

(i) Currency risk (continued)

There were no significant effect to the Group's and the Company's financial results, if the RMB changes against the SGD by 5% with other variables including tax rate being held constant.

(ii) Cash flow and fair value interest rate risks

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

(iii) Price risk

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

The security is unquoted share and the fair value is within level 2 of the fair value hierarchy. If price for the unquoted share had changed by 10% (2020: 10%) with all other variables including tax rate being held constant, the effects on other comprehensive income would have been increase/decrease by S$416,200 (2020: S$422,000).

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

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

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

Sales of restaurant operations is required to be settled in cash, NETS or using major credit cards, which has mitigated the credit risk. The trade receivables of the Group comprise of the sales settled in NETS and credit card which are not past due as at 31 December 2021 and 2020.

The finance lease receivables of the Group comprise 1 debtor (2020: 1 debtor) that individually represented 99% (2020: 99%) of finance lease receivables.

The other receivables of the Group comprise 1 debtor (2020: 1 debtor) that individually represented 99% (2020: 96%) of other receivables.

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

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

	Group	
	2021	2020
	S$'000	S$'000
Joint and several corporate guarantees provided to a bank for associated company's bank loan	60,621	56,827
Joint and several corporate guarantees provided to a creditor of an associated company	35,508	-

	Company	
	2021	2020
	S$'000	S$'000
Corporate guarantees provided to a bank for subsidiary corporation's bank loan	939	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) **Credit risk** (continued)

The movement in credit loss allowance are as follows:

	Group		
	Finance lease receivables	Other receivables	Total
	S$'000	S$'000	S$'000
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
2020			
Beginning of financial year	5,974	6,691	12,665
Currency translation differences	299	343	642
Loss allowance recognised during the financial year	2,372	-	2,372
End of financial year (Note 12)	8,645	7,034	15,679

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

	Company Trade receivables	Company Other receivables	Company Total
	S$'000	S$'000	S$'000
2021			
Beginning and end of financial year (Note 12)	49	3,353	3,402
2020			
Beginning of financial year	49	1,650	1,699
Loss allowance recognised during the financial year	-	1,703	1,703
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.

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 2021 and 2020 are set out in the provision matrix as follows:

	Group Gross amount	Group Loss allowance	Group Carrying amount
	S$'000	S$'000	S$'000
Finance lease receivables			
2021			
Not past due	-	-	-
> 365 days past due	9,391	(9,391)	-
	9,391	(9,391)	-
2020			
Not past due	-	-	-
> 365 days past due	8,645	(8,645)	-
	8,645	(8,645)	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

(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 2021, the Group performed an assessment of impairment and concluded the loss allowance is adequate.

(iii) Non-trade amounts due from subsidiary corporations

The amount due from subsidiary corporations is for short term funding requirements. The Company uses a general approach for assessment of ECL for these receivables. Impairment on these balances has been measured on the 12-month expected loss basis which credit risk has increased significantly since initial recognition. Loss allowance for a non-performing subsidiary corporation with significant increase in credit risk amounted to S$1,703,000 has been recognised during the financial year ended 31 December 2020 as there is no reasonable ground to recover the receivables from the subsidiary corporation. As at 31 December 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 an associated company and to a creditor of an associated company for the amount due in respect of the construction of the logistic hub in Tianjin, People's Republic of China (Note 30). Theses 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 near future. Hence, the Group and the Company do not expect significant credit losses arising from these guarantees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through having an adequate amount of committed credit facilities to enable it to meet its normal operating commitments. As at the reporting date, assets held by the Group and the Company for managing liquidity risk included cash and cash equivalents as disclosed in Note 11 to the financial statements.

The table below analyses financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year	Between 1 and 5 years	Over 5 years
	S$'000	S$'000	S$'000
Group			
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 guaratee contracts	41,780	54,349	-
	48,061	56,714	6
Group			
At 31 December 2020			
Trade and other payables	1,947	100	-
Lease liabilities	1,342	1,531	39
Borrowings (excluding lease liabilities)	756	1,119	-
Financial guarantee contracts	1,898	54,929	-
	5,943	57,679	39
Company			
At 31 December 2021			
Trade and other payables	3,833	130	-
Borrowings	756	796	-
Financial guarantee contracts	188	751	-
	4,777	1,677	-
At 31 December 2020			
Trade and other payables	1,503	100	-
Borrowings	756	1,119	-
	2,259	1,219	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31 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	
	2021	2020
	S$'000	S$'000
Net debt	1,662	(1,749)
Total equity	14,858	33,261
Total capital	16,520	31,512
Gearing ratio	10%	N.A.[1]

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

	Company	
	2021	2020
	S$'000	S$'000
Net debt	5,435	3,367
Total equity	8,789	24,674
Total capital	14,224	28,041
Gearing ratio	38%	12%

The Group and the Company are not subject to externally imposed capital requirements for the financial years ended 31 December 2021 and 2020 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value measurements

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

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) inputs other than quoted prices included within level 1 that are observable 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).

Group	Level 1	Level 2	Level 3	Total
	S$'000	S$'000	S$'000	S$'000
2021				
Financial assets, at FVOCI	-	4,162	-	4,162
2020				
Financial assets, at FVOCI	-	4,220	-	4,220

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 2021 and 2020, the instrument is determined by using the trading metrics (multiples) of comparable companies which are publicly-listed companies, and applied discount rate to the estimated equity value to account for a lack of marketability and/ or lack of control within the subject company. The instrument is classified as Level 2.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Financial instruments by category

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Financial assets at amortised cost	7,463	9,186	762	460
Financial assets at FVOCI	4,162	4,220	-	-
Financial liabilities at amortised cost	8,453	6,623	5,452	3,383

32 RELATED PARTY TRANSACTIONS

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

(a) Sales of purchases of goods and services

	Group	
	2021	**2020**
	S$'000	**S$'000**
Associated company		
Rental income	28	181

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

32 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) *Key management personnel compensation*

	Group	
	2021	2020
	S$'000	S$'000
Directors of the Company		
Salaries and bonus	900	1,039
Employer's contribution to defined contributions plan	24	23
Other short-term benefits	185	195
	1,109	1,257
Other key management personnel		
Salaries and bonus	1,332	1,043
Employer's contribution to defined contributions plan	108	74
Other short-term benefits	68	53
	1,508	1,170

33 SEGMENT INFORMATION

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33 SEGMENT INFORMATION (CONTINUED)

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

	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)	-	C	(19,502)
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)	D	23,559
Segment assets includes:							
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)	D	8,701

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33 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
2020							
Revenue							
Sales to external parties	8,201	-	285	-	-		8,486
Inter-segment sales	6	-	256	794	(1,056)	A	-
Results							
Segment profit/(loss)	202	(3,240)	(654)	(3,026)	1,703	C	(5,015)
Interest income	-	61	1	-	-		62
Depreciation of property, plant and equipment	(1,399)	(3)	(408)	(3)	-		(1,813)
Impairment loss on finance lease receivables	-	(2,372)	-	-	-		(2,372)
Impairment loss on other receivables	-	-	-	(1,703)	1,703	B	-
Segment assets	8,973	40,475	2,264	28,083	(39,599)	D	40,196
Segment assets includes:							
Investment in associated companies	-	22,218	-	-	-		22,218
Additions to:							
Property, plant and equipment	3,053	-	2	5	-		3,060
Segment liabilities	5,691	5,851	3,730	3,391	(11,728)	D	6,935

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33 SEGMENT INFORMATION (CONTINUED)

Notes:

A Inter-segment revenues are eliminated on consolidation.

B Impairment loss on non-trade amount due from a subsidiary corporation is eliminated on consolidation.

C The following items are added to/(deducted from) segment (loss)/profit to arrive at "(loss)/profit before income tax" presented in the consolidated statement of comprehensive income:

	2021	2020
	S$'000	S$'000
Impairment loss on trade and other receivables	-	1,703

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

Geographical information:

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

	Revenue		Non-current assets	
	2021	2020	2021	2020
	S$'000	S$'000	S$'000	S$'000
Singapore	9,212	8,069	2,413	3,764
PRC	108	366	8,185	22,486
Vietnam	42	51	-	-
	9,362	8,486	10,598	26,250

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

Major customer information:

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34 EVENT OCCURRING AFTER BALANCE SHEET DATE

On 20 March 2022, Pavillon Financial Leasing Co., Ltd, a subsidiary corporation of the Company, 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 total cash consideration of S$19,152,000 (equivalent to RMB90,000,000). The purpose of the internal restructuring exercise is to streamline the Group's structure and operations. The exercise is not expected to have significant impact on the Group's financial position and financial results for the financial year ending 31 December 2022.

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 2022 and which the Group has not early adopted.

<u>Effective for annual periods beginning on or after 1 January 2022</u>

- Amendments to SFRS(I) 3 Reference to Conceptual Framework
- Amendments to SFRS(I) 1-16 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to SFRS(I) 1-37 Onerous Contracts – Cost of Fulfilling a Contract
- Amendment to SFRS(I) 1 First time Adoption of Singapore Financial Reporting Standards (International)
- Amendment to SFRS(I) 9 Financial Instruments
- Amendment to Illustrative Examples Accompanying SFRS(I) 16 Leases
- Amendment to SFRS(I) 1-41 Agriculture

<u>Effective for annual periods beginning on or after 1 January 2023</u>

- 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
- 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

<u>Effective date: to be determined*</u>

- 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 1 April 2022.

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 2021, with specific reference made to the principles and provisions as set out in the Code of Corporate Governance 2018 (the "**Code**") and accompanying Practice Guidance, issued by the Corporate Governance Council on 6 August 2018 and adopted by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

1. BOARD MATTERS

1.1 The Board's conduct of affairs

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

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

Dr. John Chen Seow Phun	Executive Chairman
Lee Tong Soon	Managing Director
Ko Chuan Aun	Independent Director
Lim Ho Heng	Independent Director
Jo-Anne Chang	Non-Executive Non-Independent Director

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

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

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

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

CORPORATE GOVERNANCE REPORT

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 2021 to 31 December 2021 ("**FY2021**"), 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	3	3	2	2[1]	1	1[1]	1	1[1]
Lee Tong Soon	3	3	2	2[1]	1	1[1]	1	1[1]
[2]Foo Der Rong	1	1	1	1	1	1	1	1
Jo-Anne Chang	3	3	2	2	1	1	1	1
Ko Chuan Aun	3	3	2	2	1	1	1	1
[3]Lim Ho Heng	2	2	1	1		-	-	-

(1) Attended the meeting as an invitee.

(2) Mr Foo Der Rong retired at the AGM held on 21 April 2021 and ceased as Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee.

(3) Mr Lim Ho Heng was appointed as a Director on 22 April 2021 and took the position as Chairman of the Audit Committee and a member of the Nominating Committee and Remuneration Committee. There was no NC and RC meeting held since he was a member of the NC and RC.

CORPORATE GOVERNANCE REPORT

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.

Newly appointed Director will undergo an orientation briefing to be familiar with the Group's business strategies, organisational structure and operations. Mr Lim Ho Heng had completed the mandatory training for directors conducted by the Singapore Institute of Directors ("SID").

From time to time, the Directors also receive further relevant information via email, particularly on applicable new laws, regulations and changing commercial risks which are relevant to the business and operations of the Group. The Directors are also updated on the business of the Group through meetings. Depending on specific requirements, new directors may be sent for trainings and/or seminars to acquaint them on director's duties and compliance with the relevant bodies of law and regulations in the performance of their duties. The costs of arranging and funding the trainings of the Directors will be borne by the Company.

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

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

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

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

1.2 Board Composition and Guidance

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

The Board noted that Mr Foo Der Rong was appointed to the Board on 1 May 2012 and he reached 9 years terms on 1 May 2021. Mr Foo Der Rong retired at the AGM held on 21 April 2021. 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 FY2021. The Board is of the view that there is a good balance between the Executive and Non-Executive Directors and a strong and independent element on the Board.

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

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

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

CORPORATE GOVERNANCE REPORT

1.3 Chairman and Managing Director

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

1.4 Board Membership

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

The NC comprises three (3) non-executive directors, a majority of whom are Independent. As at date of this report, the 3 members of the NC are Mr Ko Chuan Aun (Chairman), Mr Lim Ho Heng and Ms Jo-Anne Chang. The NC is chaired by Mr Ko Chuan Aun, 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;

(c) reviewing, assessing and recommending nominee(s) or candidate(s) for appointment or election to the Board, having regards to his/her qualifications, competency, other principal commitments and whether or not he/she is independent and in the case of a re-nomination, to his/her performance and contribution;

(d) reviewing Board succession plans for Directors, in particular for the Executive Chairman and CEO/Managing Director and the progressive renewal of the Board;

(e) annually, determining whether or not a Director is independent (taking into account the circumstances set out in the Code and other salient factors);

(f) identifying and recommending the Directors who are retiring by rotation and to be put forward for re-election at each annual general meeting ("**AGM**");

(g) conducting rigorous review and determining whether an Independent Director who has served the Board for a period of nine (9) years since his/her date of appointment, can still remain independent;

(h) developing a process for evaluation of the performance of the Board, its Board Committees and proposing objective performance criteria to enhance long-term shareholder value; and

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

CORPORATE GOVERNANCE REPORT

Summary of NC activities in 2021 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.

The NC reviews and makes recommendations to the Board on all nominations for appointments and re-appointments of Directors and Board Committees members having regard to their independence, qualifications, performance and contributions. The NC reviews and assesses candidates for directorships before making recommendations to the Board. In recommending new Directors to the Board, the NC takes into consideration the skills and experience required to support the Group's business activities, the current composition and size of the Board, and strives to ensure that the Board, as a whole, possesses the core competencies required by the Code. 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 Dr Chen Seow Phun, Mr Lim Ho Heng and Mr Lee Tong Soon. Dr Chen is due for retirement by rotation pursuant to Regulation 107 of the Company's Constitution while Mr Lim Ho Heng is retiring pursuant to Regulation 117 as he was appointed as a Director on 22 April 2021. Mr Lee Tong Soon is subject to re-appointment as a director pursuant to Listing Rule 720(5) of the Listing Manual. Dr Chen Seow Phun, Mr Lim Ho Heng and Mr Lee Tong Soon had indicated intention to seek re-election at the forthcoming AGM. The NC has reviewed the performance and level of contribution of Dr Chen Seow Phun, Mr Lim Ho Heng and Mr Lee Tong Soon 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 Dr Chen Seow Phun and Mr Lim Ho Heng as well as re-appointment of Mr Lee Tong Soon as a director.

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

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

CORPORATE GOVERNANCE REPORT

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

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

Key information regarding the Directors' academic and professional qualifications and other appointments are set out on pages 99 to 103 of this AR.

1.5 Board Performance

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

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

Name of Director	John Chen Seow Phun
Age	68
Country of principal residence	Singapore
Date of first appointment as director	13 December 2001
Date of re-designated as Executive Chairman	1 May 2012
Date of last re-election as director	25 April 2019 Due for retirement and sought re-election at the forthcoming AGM.
The Board's comments on the re-election	The Board of Directors of the Company had accepted and approved the NC's recommendation, who has reviewed and considered Dr Chen's contribution and performance as Executive Chairman of the Company.
Job Title	Executive Chairman
Board Committees Served	None
Professional qualifications	Dr Chen holds a PhD in Electrical Engineering from the University of Waterloo, Canada.
Shareholding in the Company and its subsidiaries (as at 11 March 2022)	The Company 23,163,525 Shares Dr Chen is deemed to be interested in 22,252,725 Shares held by Unigold Asia Limited and 62,500 Shares held by his spouse. He is also the beneficial owner of 848,300 Shares held by DBS Nominees (Private) Limited. Subsidiaries of the Group Nil
Principal Commitments including Directorships	Past Directorships 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) Present Directorships JCL Business Development Pte Ltd Unigold Asia Limited OKP Holdings Limited Hiap Seng Engineering Ltd Hanwell Holdings Ltd Matex International Limited SAC Capital Private Limited Tat Seng Packaging Group Ltd JLM Foundation Ltd SAC Advisors Pte Ltd Pavillon Financial Leasing Co., Ltd. Pavillon Business Development (Shanghai) Co. Ltd. Fengchi IOT Management Co., Ltd. Sinostar Pec Holdings Ltd Other Principal Commitments Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of Interest (including any competing business)	None

CORPORATE GOVERNANCE REPORT

Name of Director	Lee Tong Soon
Age	63
Country of principal residence	Singapore
Date of first appointment as director	15 November 1999
Date of last re-election as director	25 April 2019 Due for retirement and sought re-appointment 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 Managing Director of the Company.
Job Title	Managing Director
Board Committees Served	None
Professional qualifications	Mr Lee holds a Bachelor Degree in Arts and Social Science from the National University of Singapore.
Shareholding in the Company and its subsidiaries (as at 11 March 2022)	The Company 24,135,526 Shares Mr Lee is also deemed interested in 12,500 Shares held by his daughter. Subsidiaries of the Group Nil
Principal Commitments including Directorships	Past Directorships Thai Village (China) Pte. Ltd. Shanghai Thai Village Restaurant Management Co., Ltd. Thai Village Restaurant (Shanghai) Co., Ltd. Tianjin Pavillon Asset Management Co., Ltd. Fengchi Real Estate Sdn. Bhd. State Research Pavillon Financial Leasing Co., Ltd. Present Directorships Thai Village Restaurant Pte Ltd. Thai Village Express Pte Ltd. Pavillon Business Development (Shanghai) Co., Ltd. Pavillon Financial Leasing Co., Ltd. Other Principal Commitments Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of Interest (including any competing business)	None

CORPORATE GOVERNANCE REPORT

Name of Director	Lim Ho Heng
Age	60
Country of principal residence	Singapore
Date of first appointment as director	22 April 2021
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 Lim's contribution and performance as Independent Director of the Company.
Job Title	Independent Director, Chairman of Audit Committee and a member of the Nominating Committee and Remuneration Committee
Board Committees Served	Chairman of Audit Committee Member of Nominating Committee and Remuneration Committee
Professional qualifications	Chartered Accountant
Shareholding in the Company and its subsidiaries (as at 11 March 2022)	The Company Nil Subsidiaries of the Group Nil
Principal Commitments including Directorships	Past Directorships NIL Present Directorships NIL Other Principal Commitments Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of Interest (including any competing business)	None

CORPORATE GOVERNANCE REPORT

Name of Director	Ko Chuan Aun
Age	65
Country of principal residence	Singapore
Date of first appointment as director	25 July 2016
Date of last re-election as director	28 May 2020
The Board's comments on the re-election	Not applicable, Mr Ko is not due for re-election.
Job Title	Lead Independent Director, Chairman of Remuneration Committee and Nominating Committee and a member of Audit Committee
Board Committees Served	Chairman of Remuneration Committee and Nominating Committee Member of Audit Committee
Professional qualifications	Mr Ko holds a Diploma in Export Marketing, which is equivalent to Danish Niels Brock International Business Degree Program.
Shareholding in the Company and its subsidiaries (as at 11 March 2022)	The Company Nil Subsidiaries of the Group Nil
Principal Commitments including Directorships	Past Directorships Scorpio East Entertainment Pte Ltd Scorpio East Multimedia Pte Ltd Scorpio East Pictures Pte Ltd Scorpio East Productions Pte Ltd Singapore Koh Clan Association Ltd KOP Limited Super Group Ltd. San Teh Limited Present Directorships HSK Resources Pte. Ltd. Lian Beng Group Ltd. Koon Holdings Limited (delisted from SGX-ST on 22 September 2021) KSH Holdings Ltd. Sheng Siong Group Ltd Other Principal Commitments Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of Interest (including any competing business)	None

CORPORATE GOVERNANCE REPORT

Name of Director	Jo-Anne Chang
Age	48
Country of principal residence	Singapore
Date of first appointment as director	1 September 2014
Date of last re-election as director	21 April 2021
The Board's comments on the re-election	Not applicable. Ms Jo-Anne is not due for re-election.
Job Title	Non-Executive Non-Independent Director, member of Audit Committee, Nominating Committee and Remuneration Committee
Board Committees Served	Member of Audit Committee, Nominating Committee and Remuneration Committee
Professional qualifications	Ms Chang holds a Bachelor of Laws (LLB) and a Master of Laws (LLM) from King's College, University of London, and is a Barrister-at-Law at Lincoln's Inn, London. Ms Chang also holds a Master of Business Administration (MBA) from the New York University Leonard N. Stern School of Business.
Shareholding in the Company and its subsidiaries (as at 11 March 2022)	The Company 40,000,000 Shares Ms Chang is deemed to be interested in 40,000,000 Shares held by Rossbay Private Limited. Subsidiaries of the Group Nil
Principal Commitments including Directorships	Past Directorships Nil Present Directorships Rossbay Private Limited Pure Accord Sdn. Bhd. Pure Oasis Sdn. Bhd. Attractive Heritage Sdn. Bhd. Gingerflower Boutique Hotel Sdn. Bhd. Dalaston Limited Urban Townhouse Sdn. Bhd. Alford Associates Limited Heeren Palm Suites Sdn. Bhd. Heeren Straits Hotel Sdn. Bhd. Thrive Charm Sdn. Bhd. Chytron Company Limited Other Principal Commitments Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	None
Conflict of Interest (including any competing business)	None

Notes:

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

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

CORPORATE GOVERNANCE REPORT

2. REMUNERATION MATTERS

2.1 Procedures for Developing Remuneration Policies

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

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

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

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

(a) reviewing and recommending to the Board, a general framework of remuneration for the Board and key management personnel and the specific remuneration packages and terms of employment (where applicable) for each Director and key management personnel;

(b) reviewing and recommending to the Board, share option scheme, share award plans or any long-term incentive schemes which may be set up from time to time, reviewing whether Directors or key management personnel should be eligible for such schemes and evaluating the costs and benefits of such scheme;

(c) ensuring all aspects of remuneration including but not limited to Director's fees, salaries, allowances, bonuses, options, share based incentives and awards, and benefits-in-kind are covered;

(d) determining the specific remuneration package and service contracts/terms of employment for each Director and key management personnel;

(e) considering the eligibility of Directors for participation under long-term incentive schemes;

(f) considering and making recommendations to the Board concerning the disclosure of details of the Company's remuneration policy, level and mix of remuneration and procedure for setting remuneration, and details of the specific remuneration packages of the Directors and key management personnel of the Company to those required by law or by the Code; and

(g) considering the obligations arising in the event of termination of the Executive Directors' and key management personnel's contracts of services, to ensure that such contracts of services contain fair and reasonable termination clauses which are not overly onerous.

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

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.

2.2 Level and Mix of Remuneration

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

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

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

(a) the term of service is for a period of three (3) years and is subject to review thereafter;

(b) the remuneration includes, amongst others, a fixed salary, fees, a variable performance bonus, which is designed to align the Executive Directors' interests with that of the Shareholders; and

(c) there are no onerous compensation commitments on the part of the Company in the event of an early termination of the service of the Executive Director.

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

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

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

2.3 Disclosure on Remuneration

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

CORPORATE GOVERNANCE REPORT

The remuneration paid to the Directors for services rendered for FY2021 are as follows: -

Directors

	Salary	Fee	Bonus	Other benefits	Total
	%	%	%	%	%
Directors					
Between S$500,000 and S$749,000					
Lee Tong Soon	75.64	-	5.36	19.00	100
Chen Seow Phun, John	76.20	-	5.40	18.40	100
Below S$250,000					
Foo Der Rong(1)	-	100	-	-	100
Ko Chuan Aun	-	100	-	-	100
Jo-Anne Chang	-	100	-	-	100
Lim Ho Heng(2)	-	100	-	-	100

Key management personnel

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

	Salary	Fee	Bonus	Other benefits	Total
	%	%	%	%	%
Key Management Personnel					
Between S$250,000 and S$499,000					
Kok Nyong Patt	70.84	-	5.40	23.5	100
Zheng Fengwen	87.72	-	7.39	4.89	100
Below S$250,000					
Oh Kok Thai	77.73	-	6.02	16.25	100
Loh Beng Kiat	77.22	-	5.96	16.82	100
Hau Ee Boon	77.14	-	5.93	16.94	100

(1) Remuneration paid to Mr Foo Der Rong as Independent Director of the Company for the period from 1 January 2021 to 21 April 2021.

(2) Remuneration paid to Mr Lim Ho Heng as Independent Director of the Company for the period from 22 April 2021 to 31 December 2021.

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.

CORPORATE GOVERNANCE REPORT

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 FY2021.

The RC had recommended Directors' fees of S$135,000 for the financial year ending 31 December 2022 for the Directors, which will be tabled by the Board at the forthcoming AGM for Shareholders' approval.

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

Summary of RC activities in 2021

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

3. ACCOUNTABILITY AND AUDIT

3.1 Risk Management and Internal Controls

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

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

The AC will: -

- satisfy itself that adequate measures are in place to identify and mitigate any material business risks associated with the Group;

- ensure that a review of the adequacy and effectiveness of the Group's material internal controls, including financial, operational, compliance and information technology controls and risk management systems, is conducted at least annually. Such review can be carried out by internal auditors/independent auditors;

- ensure that the internal control and risk management systems recommendations made by internal auditor and independent auditor have been implemented by the Management; and

- ensure the Board is in a position to comment on the adequacy and effectiveness of the internal controls and risk management systems of the Group.

CORPORATE GOVERNANCE REPORT

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

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

(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) regarding the adequacy and effectiveness of the Company's risk management and internal control systems (including financial, operational, compliance and information technology).

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

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

Following the close of financial year end FY2021, 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.

3.2 Audit Committee

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

As at the date of this report, the AC comprises three (3) non-executive directors, a majority of whom are Independent. The 3 members of the AC are Mr Lim Ho Heng, Mr Ko Chuan Aun and Ms Jo-Anne Chang. The Chairman of the AC is Mr Lim Ho Heng. Each member of the AC shall abstain from voting on any resolutions in respect of matters in which he is interested.

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

The terms of reference of the AC will be reviewed if there be any change in the risk appetite taking into consideration sanctions-related risk. The Board and AC 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.

In FY2021, the AC met at least twice a year and also held informal meetings and discussions with Management from time to time. Details of the members' attendance at AC meetings in FY2021 are provided in Section 1.1 of this corporate governance report.

The AC performed the following functions in FY2021: -

(a) Independent Auditors

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

For FY2021, the AC reviewed together with the auditors: -

(i) the audit plan (including, among others, the nature and scope of the audit before the audit commenced and the risk management systems issues of the Group);

(ii) their evaluation of the financial controls in areas which could have a material impact on the financial statements;

(iii) their auditors' report;

CORPORATE GOVERNANCE 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 FY2021 is $17,000 which is below 50% of audit fees, and the AC is of the opinion that the auditors' independence has not been compromised. The aggregate audit fees paid and payable to the auditors, Messrs Nexia TS Public Accounting Corporation in FY2021 is $114,000.

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

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

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

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

The AC has met up with the independent auditors together with the internal auditors without the presence of Management in FY2021.

(b) Review of financial statements

For FY2021, the AC reviewed the half-year and full year financial statements of the Company and of the Group, including announcements relating thereto, to the Shareholders and the SGX-ST. The AC also reviewed the assurance from the Managing Director and Financial Controller on the financial records and financial statements.

(c) Review of interested person transactions

The AC has reviewed interested person transactions of the Group for FY2021 and reported its findings to the Board, if any. Please refer to page 115 of the AR for further details on the interested person transactions of the Group for FY2021.

CORPORATE GOVERNANCE REPORT

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

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

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

In FY2021, the Company has outsourced its internal audit function to a professional firm Messrs Mazars LLP. The internal auditor reports directly to the AC on audit matters and to the Chairman and Managing Director on administrative matters. The main objective of the internal audit function is to assist the Group in evaluating and assessing the effectiveness of internal controls and consequently to highlight the areas where control weaknesses exist, if any, and thus improvements could be made. The internal auditor has unfettered access to all the Company's documents, records, properties and personnel including the AC. The Company continues to work with the internal auditor to identify other scope of work which will help to further enhance the robustness of the Company's internal controls.

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

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

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

CORPORATE GOVERNANCE REPORT

4. SHAREHOLDER RIGHTS AND RESPONSIBILITIES

4.1 Shareholders Rights and Conduct of General Meetings

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

4.2 ENGAGEMENT WITH SHAREHOLDERS

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

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

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

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

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

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

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

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. Due to the current COVID-19 situation, the AGM held on 21 April 2021 was held by electronic means in accordance with the COVID-19 (Temporary Measures) Act 2020. Physical attendance at the AGM was disallowed.

The Company welcomes active Shareholder participation at the general meetings. It believes that a general meeting serves as an opportune forum for the Shareholders to meet the Board and key management personnel and to communicate their views. To facilitate attendance of the Shareholders at the general meetings, the Company has always preferred holding the meetings at the city area at a location which is near to the bus or MRT stations. Despite the unprecedented COVID-19 situation, shareholders can submit questions relating to the items on the AGM agenda before the stipulated deadline. The Company had addressed and replied the substantial and relevant questions relating to the resolutions tabled at the AGM or the Company's businesses and operations. Responses were published on both the Company's corporate website and on SGXNet on 20 April 2021, 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[1] 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 21 April 2021 by appointing the Chairman as proxy to vote on their behalf at the AGM conducted by electronic means pursuant to the COVID-19 (Temporary Measures) Act 2020.

The Company Secretary prepare minutes of general meetings and these minutes are subsequently reviewed and approved by the Board. Minutes of the AGM has been published at the SGXNET on 11 May 2021.

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

1 A Relevant Intermediary is:

a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

b) a person holding a capital markets services licence to provide custodial services for securities under the Securities And Futures Act (Cap. 289) and who holds shares in that capacity; or

c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

CORPORATE GOVERNANCE REPORT

5. MANAGING STAKEHOLDER RELATIONSHIPS

5.1 Engagement with Stakeholders

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

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

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

The Board also regards sustainability development as a core value of the Group and is committed to adopting sustainable practices across its businesses. The Sustainability Report FY2021 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.pavillon.com.sg by end of May 2022.

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.

CORPORATE GOVERNANCE REPORT

Material Contracts
(Listing Manual Rule 1207(8))

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

Interested Person Transactions
(Listing Manual Rule 907)

Save as disclosed in the financial statements, there was no interested person transactions with aggregate value of S$100,000 or more for the FY2021.

STATISTICS OF SHAREHOLDINGS

AS AT 11 MARCH 2022

STATISTICS OF SHAREHOLDERS AS AT 11 MARCH 2022

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

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

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

TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	UOB KAY HIAN PTE LTD	101,978,950	26.25
2	ROSSBAY PRIVATE LIMITED	40,000,000	10.32
3	SINGAPORE ENTERPRISES PTE LTD	38,700,000	9.98
4	CITIBANK NOMS SPORE PTE LTD	29,836,650	7.69
5	KOK NYONG PATT	25,027,725	6.45
6	LEE TONG SOON	24,135,526	6.22
7	UNIGOLD ASIA LIMITED	22,252,725	5.74
8	DBS NOMINEES PTE LTD	6,029,050	1.54
9	CHAN I-HARN ALVIN (CHEN YIHAN ALVIN)	3,032,000	0.78
10	TEO KOK LEONG	2,852,000	0.74
11	TAN LEE TIANG	2,612,300	0.67
12	LEE SZE KIAN	2,591,800	0.64
13	PHILLIP SECURITIES PTE LTD	1,833,050	0.47
14	ANG YU SENG	1,554,500	0.41
15	UNITED OVERSEAS BANK NOMINEES P L	1,498,750	0.40
16	CHUA YEW CHYE	1,400,000	0.36
17	CHEN LIPING	1,300,000	0.31
18	CHAN TIAN HOE	1,061,000	0.27
19	CHUA YUE PENG	1,000,000	0.26
20	TAN CHEOK MENG	1,000,000	0.26
	TOTAL	**309,276,026**	**79.76**

STATISTICS OF SHAREHOLDINGS

SHAREHOLDING INTERESTS OF THE SUBSTANTIAL SHAREHOLDERS AS AT 11 MARCH 2022

(As recorded in the Register of Substantial Shareholders)

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

Notes:-

(1) Sunlead Evergrowing Capital Co., Limited is the beneficial owner of 100,000,000 shares held by UOB Kay Hian Pte Ltd.

(2) Mdm Xu Cai Kui is deemed to be interested in 100,000,000 shares in the capital of the Company which are held by Sunlead Evergrowing Capital Co. Limited pursuant to Section 7 of the Companies Act 1967 of Singapore by virtue of her being a shareholder of Sunlead Evergrowing Capital Co. Limited.

(3) Mr Zheng Fengwen is deemed to be interested in 100,000,000 shares in the capital of the Company which are held by Sunlead Evergrowing Capital Co., Limited, which is deemed to be interested by his spouse, Mdm Xu Cai Kui.

(4) Ms Heng Chin Ngor Doris is deemed to be interested in 40,000,000 shares in the capital of the Company which are held by Rossbay Private Limited pursuant to Section 7 of the Companies Act 1967 of Singapore by virtue of her being a director and shareholder of Rossbay Private Limited.

(5) Ms Jo-Anne Chang is deemed to be interested in 40,000,000 shares in the capital of the Company which are held by Rossbay Private Limited pursuant to Section 7 of the Companies Act 1967 of Singapore by virtue of her being a director and shareholder of Rossbay Private Limited.

(6) Mr Lee Tong Soon is deemed to be interested in 12,500 shares in the capital of the Company which are held by his daughter, Miss Lee Chun Hui, Crystal.

(7) Dr. John Chen Seow Phun is deemed to be interested in 22,252,725 shares in the capital of the Company which are held by Unigold Asia Limited by virtue of him being the sole director and sole shareholder of Unigold Asia Limited, and is deemed to be interested in 62,500 shares in the capital of the Company which are held by his spouse, Madam Lim Kok Huang. He is the beneficial owner of 848,300 shares held by DBS Nominees (Private) Limited.

STATISTICS OF SHAREHOLDINGS

COMPLIANCE WITH RULE 723 OF THE SGX-ST LISTING MANUAL

As at 11 March 2022, based on the registers of shareholders and to the best knowledge of the Company, the percentage of shareholding held in the hands of the public is 27.88%. The Company is therefore in compliance with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING

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

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of **PAVILLON HOLDINGS LTD**. (the **"Company"**) will be held by electronic means on Tuesday, 26 April 2022 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 2021 together with the Directors' Statement and Independent Auditors' Report thereon.	**Resolution 1**
2.	To approve payment of Directors' Fees of S$135,000 for the financial year ending 31 December 2022, with payment to be made in arrears. (2021: S$162,000)	**Resolution 2**
3.	To re-elect Dr John Chen Seow Phun, a Director of the Company, who retire pursuant to Article 107 of the Constitution of the Company. **[See Explanatory Note (i)]**	**Resolution 3**
4.	To re-elect Mr Lee Tong Soon, a Director of the Company, who retire pursuant to Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited. **[See Explanatory Note (ii)]**	**Resolution 4**
5.	To re-elect Mr Lim Ho Heng, a Director of the Company, who retire pursuant to Article 117 of the Constitution of the Company. **[See Explanatory Note (iii)]**	**Resolution 5**
6.	To re-appoint Messrs Nexia TS Public Accountant Corporation as Auditors of the Company and to authorise the Directors of the Company to fix their remuneration.	**Resolution 6**
7.	To transact any other ordinary business which may be properly transacted at an Annual General Meeting.	

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

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

8. Authority to allot and issue shares **Resolution 7**

"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,

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

NOTICE OF ANNUAL GENERAL MEETING

(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 (iv)]

BY ORDER OF THE BOARD

CHAN LAI YIN
Company Secretary
Singapore, 4 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Dr John Chen Seow Phun, will upon re-election as a Director of the Company, remain as the Executive Chairman of the Company. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, detailed information of Dr John Chen Seow Phun who is seeking re-election at the Annual General Meeting can be found in the Corporate Governance Report under Provision 1.5 of the Annual Report.

(ii) Mr Lee Tong Soon, will upon re-election as a Director of the Company, remain as the Managing Director of the Company. Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, detailed information of Mr Lee Tong Soon who is seeking re-election at the Annual General Meeting can be found in the Corporate Governance Report under Provision 1.5 of the Annual Report.

(iii) Mr Lim Ho Heng, will upon re-election as a Director of the Company, remain as the Independent Director, Chairman of the Audit 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 Lim Ho Heng who is seeking re-election at the Annual General Meeting can be found in the Corporate Governance Report under Provision 1.5 of the Annual Report.

(iv) Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings of the Company. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued will not exceed twenty per cent. (20%) of Company's total number of issued shares excluding treasury shares and subsidiary holdings of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instrument made or granted under this authority.

Notes:

1. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by shareholders can participate at the AGM by observing and/or listening to the proceedings of the AGM through either live audio-visual webcast or live audio-only stream ("electronic means"), submission of questions in advance of the AGM, addressing of substantial and relevant questions, are set out in the Company's announcement dated 4 April 2022 (the "**Announcement**"), which has been uploaded together with this Notice of AGM dated 4 April 2022 on SGXNet. The Announcement may also be assessed on the Company's website https://thaivillagerestaurant.com.sg/investors. For the avoidance of doubt, the aforesaid section is circulated together with and forms part of this Notice of AGM.

2. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the AGM in person. A member of the Company (whether individual or corporate and including a Relevant Intermediary*) must appoint the Chairman of the AGM in as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM, if such member wishes to exercise his/her/its voting rights at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary*) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.

3. The Chairman of the AGM, as proxy, need not be a member of the Company.

4. In the case of Shares entered in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM as proxy lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (i.e. by 3:00 p.m. on 23 April 2022), as certified by The Central Depository (Pte) Limited to the Company.

5. An investor who holds shares under the Supplementary Retirement Scheme ("SRS Investor") who wish to vote at the AGM should approach their respective agent banks to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 3:00 p.m. on 14 April 2022). SRS Investors are requested to contact their respective agent banks for any queries they may have with regard to the appointment of the Chairman of the AGM as proxy for the AGM.

NOTICE OF ANNUAL GENERAL MEETING

6. The instrument appointing the Chairman of the AGM as a proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a duly certified copy thereof, must:

   (a) be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), at 80 Robinson Road #11-02, Singapore 068898; or

   (b) send electronic mail to sg.is.proxy@sg.tricorglobal.com enclosing signed PDF copy of the Proxy Form; not less than forty-eight (48) hours before the time appointed for the AGM.

   * A Relevant Intermediary is:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY

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

This page has been intentionally left blank

This page has been intentionally left blank

This page has been intentionally left blank

PAVILLON HOLDINGS LTD.

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

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

IMPORTANT:

1. The Annual General Meeting of the Company ("**AGM**") will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM, are set out in the accompanying Company's announcement dated 4 April 2022 (the "**Announcement**"), which has been uploaded together with the Notice of AGM dated 4 April 2022 on SGXNet on the same day. The Announcement may also be accessed at the Company's corporate website at https://thaivillagerestaurant.com.sg/investors/. For the avoidance of doubt, the Announcement is circulated together with and forms part of the Notice of AGM dated 4 April 2022 in respect of the AGM.
3. A member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate and including a Relevant Intermediary*) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member of the Company (whether individual or corporate and including a Relevant Intermediary*) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
4. CPF/SRS investors who wish to appoint the Chairman of the AGM as proxy should approach their respective CPF Agent Bank/SRS Operators to submit their votes by 3.00 p.m. on 14 April 2022.

By submitting an instrument appointing the Chairman of the AGM as proxy, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 4 April 2022.

I/We, ... *(Name)* NRIC/Passport No./Co. Registration No. ....
of .... *(Address)*
being a *member/members of Pavillon Holdings Ltd. (the "**Company**"), hereby appoint the Chairman of the Annual General Meeting as *my/our *proxy/proxies to attend and to vote for *me/us on my/our behalf at the Annual General Meeting (the "AGM") of the Company to be held by electronic means on Tuesday, 26 April 2022 at 3:00 p.m. and at any adjournment thereof.

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

*Please delete accordingly

No.	Resolutions relating to:	For	Against	Abstain
Ordinary Business				
1	Adoption of the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Directors' Statement and Independent Auditors' Report thereon.			
2	Approval of Directors' Fees for financial year ending 31 December 2022.			
3	Re-election of Dr John Chen Seow Phun as a Director of the Company.			
4	Re-election of Mr Lee Tong Soon as a Director of the Company.			
5	Re-election of Mr Lim Ho Heng as a Director of the Company.			
6	Re-appointment of Messrs Nexia TS Public Accountant Corporation as Auditors of the Company and to authorise Directors of the Company to fix their remuneration.			
Special Business				
7	Authority to allot and issue shares.			

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

Dated this .... day of 2022

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

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

* *Delete accordingly*

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.

2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person and must appoint the Chairman of the AGM as proxy to attend, speak and vote on the member's behalf at the AGM and at any adjournment thereof. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. If a member (whether individual or corporate and including a Relevant Intermediary*) wishes to exercise his/her/its votes, he/she/it must submit this Proxy Form to appoint the Chairman of the AGM to vote on his/her/its behalf. A member (whether individual or corporate including a Relevant Intermediary*) appointing the Chairman of the AGM as proxy must give specific instructions as to his/her/its manner of voting, or abstentions from voting, in this Proxy Form, failing which the appointment will be treated as invalid.

3. CPF/SRS Investors who wish to vote at the AGM should approach their respective CPF agent banks/SRS Operators to submit their votes at least seven (7) working days before the date of the AGM (i.e. by 3:00 p.m. on 14 April 2022). CPF/SRS Investors should not directly appoint the Chairman as proxy to direct the vote.

4. Relevant Intermediaries shall also appoint the Chairman of the AGM to act as proxy and direct the vote at the AGM. Together with the instrument appointing a proxy, the Relevant Intermediaries shall provide to the Company a list of attendees who would like to participate at the AGM by observing and/or listening to the proceedings of the AGM through either live audio-visual webcast or live audio-only stream with such information that may be requested by the Company.

   * A Relevant Intermediary is:

   (a) a banking corporation licensed under the Banking Act (Chapter 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Chapter 289) and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act (Chapter 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Central Provident Fund Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. The Chairman of the AGM, as proxy, need not be a member of the Company.

6. The instrument appointing the Chairman of the AGM as proxy must be deposited at the Company's Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), at 80 Robinson Road #11-02, Singapore 068898 or send electronic mail to sg.is.proxy@sg.tricorglobal.com enclosing signed PDF copy of the Proxy Form not less than forty-eight (48) hours before the time appointed for the meeting.

7. The instrument appointing the Chairman of the AGM as proxy must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing the Chairman of the AGM as proxy is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or a duly authorized officer.

8. Where an instrument appointing the Chairman of the AGM as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

9. A corporation that is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act 1967.

10. The Company shall be entitled to reject an instrument appointing the Chairman of the AGM as proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument appointing the Chairman of the AGM as proxy if the member, being the appointor, is not shown to have shares against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the meeting, as certified by The Central Depository (Pte) Limited to the Company.

11. By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 April 2022.

Pavillon Holdings Ltd.
Company Registration No. 199905141N
Block 1002 Tai Seng Avenue
#01-2536, Singapore 534409
Tel: 65 64876182 **Fax:** 65 64876183

SINGAPORE • CHINA • VIETNAM