# HOTEL PROPERTIES LIMITED

ANNUAL REPORT 2022

*Cover: Alpina Dolomites, Italy*
*On this page: Arbor, London*

# CONTENTS

# Chairman's Statement

## FINANCIAL REVIEW

For the year ended December 31, 2022, the Group recorded a revenue of $525.5 million, which is 52.7% higher than the $344.2 million recorded last year. The increase was mainly attributable to better performance by the Group's hotels and resorts in general with most countries re-opening their borders and treating COVID-19 as an endemic. Cash generated from operations improved significantly from $56.6 million last year to $147.9 million for the year under review.

Due to market volatility, the Group suffered a mark-to-market fair value loss of $17.3 million on long-term investments for the year ended December 31, 2022, compared to a fair value gain of $45.1 million last year. Finance cost increased from $34.7 million last year to $59.4 million for the year under review due to higher interest rates and additional borrowings to fund investments during the year.

The Group's share of results of associates and jointly controlled entities turned from a loss of $9.0 million for the year ended December 31, 2021, to a profit of $38.3 million for the year under review mainly due to gain from the disposal of Hilton London Olympia and fair value gain from the revaluation of Paddington Square London.

As announced on December 20, 2022, the Group has agreed to dispose of all 7 shop units that it owns in Ming Arcade in a collective sale. All registered proprietors of the units in Ming Arcade have since signed the collective sale agreement and completion of the sale shall take place in May 2023 as per the terms of the sale contract. The 7 shop units in Ming Arcade have accordingly been reclassified from Investment Properties to Assets held for sale and fair valued at the sale value as per the sale contract. Together with fair value gains from other investment properties, the Group recorded a total fair value gain from investment properties of $77.8 million for the year ended December 31, 2022, as compared to $3.6 million last year.

Group net profit attributable to shareholders for the year ended December 31, 2022 was $76.4 million compared to a net loss of $7.7 million last year.

## RECENT DEVELOPMENTS

**Hotels**

Our latest acquisition is in Kanuhura, an island located in the Lhaviyani Atoll of the Republic of Maldives. The resort is presently undergoing major refurbishment. When it re-opens in late 2023, it will be under the management of Six Senses Hotels & Resorts. The resort will feature overwater villas and beach villas of various configurations. There will be new dining concepts to complement the needs of sophisticated international travellers. In addition, there will be pioneering wellness offerings – all with our sustainability ethos in mind.

Four Seasons Resort Maldives at Landaa Giraavaru has also recently completed renovation of its Beach Villas. It was recently featured in Condé Nast Traveller 'The Best Hotels in the Maldives' guide. The resort is in one of the most beautiful sites in the Baa Atoll, which has been designated as a UNESCO Biosphere Reserve. Guests can snorkel with mantas in pristine clear waters, participate in the rehabilitation of sea turtles in the Marine Discovery Centre, experience world-class wellness at AyurMa and indulge in Michelin-starred dining at the Blu Beach Club.

**Properties**

The Group successfully completed construction on our two central London office buildings – Bankside Yards West – Arbor and Paddington Square.

Bankside Yards West – Arbor, a brand new 19-storey office building sitting above Bankside Yards' historic railway arches with impressive views of London, achieved practical completion in December 2022. Arbor is designed with wellness and sustainability at the forefront, featuring open-air terraces, high ceilings, wide windows, and double-height collaboration spaces.

Paddington Square, the Renzo Piano designed commercial office, retail and leisure scheme provides approximately 350,000 square feet of light-filled, high tech headquarter offices with approximately 80,000 square feet of curated leisure and retail offerings. A new public piazza will connect the scheme and West London's highest rooftop bar and dining experience is planned with views across the City skyline and Hyde Park. Practical completion on the offices was achieved in December 2022. The retail areas on the ground floor and below are being completed in the first half of 2023, with the Transport for London's new Bakerloo line ticket hall following suit during the year.

During the year under review, the Group, together with joint venture partners, acquired all the issued and paid up ordinary shares in the capital of Singapore Press Holdings Limited ("SPH Acquisition") by way of a scheme of arrangement pursuant to Section 210 of the Companies Act 1967 and in accordance with Singapore Code on Take-overs and Mergers. Upon the completion of the SPH Acquisition, a chain offer was made by the joint venture, and resulted in a shareholding of over 61% of the issued units of SPH REIT. The investment in SPH, which owns and manages a diversified portfolio of real estate assets in Singapore and overseas, offers the potential for value accretive business opportunities in the future.

## PROSPECTS

With Covid-19 being generally regarded as endemic and opening of borders, international tourism is expected to continue its recovery trend. This is however subject to the state of the global economy as there are still challenges from political tensions, persistent inflation, rising interest rates, elevated commodity prices and logistic disruptions.

In London, the commercial office space of Paddington Square and Bankside Yards West – Arbor, the premium commercial office building, were both completed in December 2022. Completion of the London Underground ticket hall and related area comprising retail units of Paddington Square are expected in the course of 2023 while the planning and development of the remaining phases of Bankside Yards continues.

## DIVIDEND

The Board of Directors has recommended a first and final one-tier tax exempt cash dividend of 4 cents per ordinary share, and a one-tier tax exempt special dividend of 1 cent per ordinary share for the year ended December 31, 2022.

## ACKNOWLEDGEMENTS

On behalf of the Board, I would like to extend our heartfelt gratitude to our customers, bankers, business associates, shareholders and staff for their valued contribution and we look forward to your continuing support.

**Arthur Tan Keng Hock**
Chairman

*Four Seasons Resort Maldives at Kuda Huraa*

Business
Review

# HOTELS

*Four Seasons Resort Maldives at Landaa Giraavaru*

As at December 31, 2022, our Hotel Division has a portfolio of 38 hotels and resorts operating under renowned hospitality brands that include COMO Hotels & Resorts, Four Seasons Hotels & Resorts, Hard Rock Hotels, InterContinental Hotels Group, Marriott International, Six Senses Hotels & Resorts and Concorde Hotels. Our hotels are spread across 15 countries including Bhutan, Indonesia, Italy, Maldives, Seychelles, Singapore, South Africa, Tanzania, Thailand, United Kingdom, and Vanuatu.

The Hotel Division's latest acquisition is Kanuhura Maldives. This resort is currently undergoing major refurbishment and is expected to open under the management of Six Senses Hotels & Resorts in the second half of 2023.

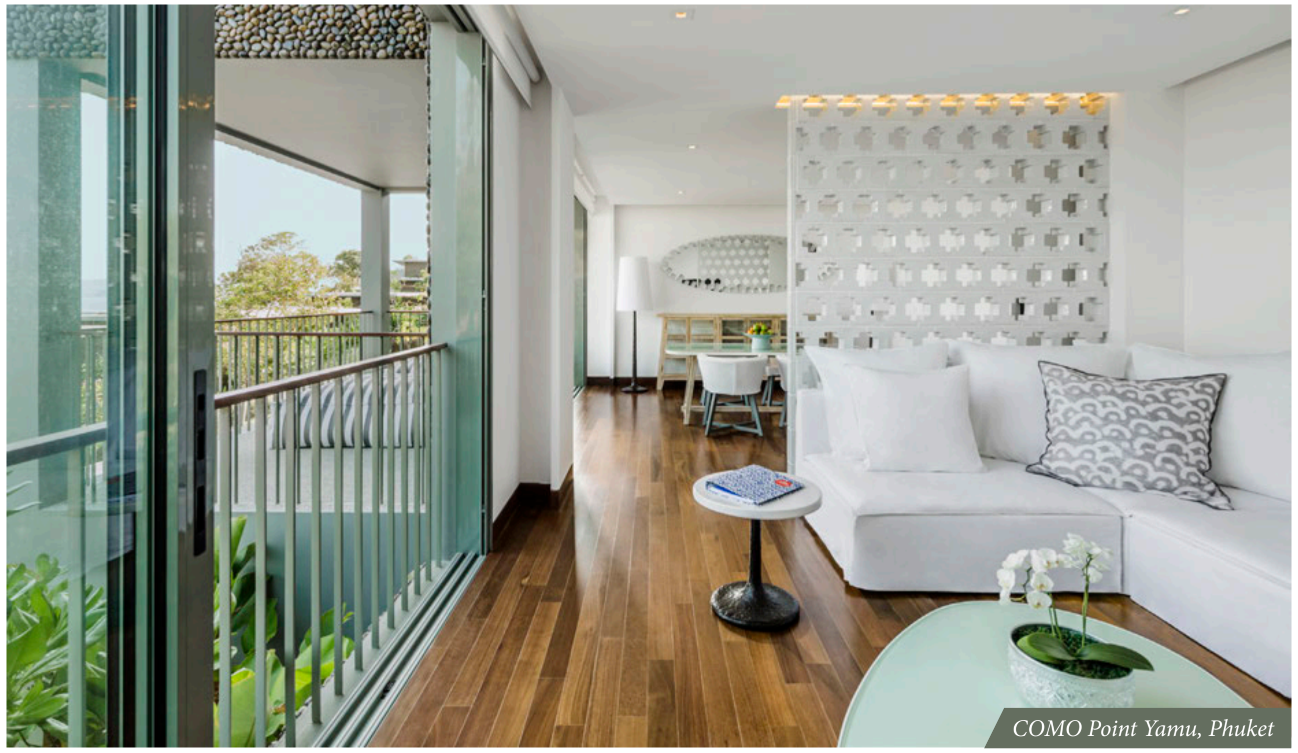
The resort is located in the Lhaviyani Atoll which is in the northern region of the Maldives. Six Senses Kanuhura is one of the last few natural islands with pristine white sands, turquoise lagoons and lush tropical greenery with easy accessibility by seaplane from Malé. Kanuhura has 85 private overwater, beach, and family villas. Each overwater villa indulges guests with private infinity pools against a picturesque sunset and sunrise backdrops. The beach and family villas will feature differing configurations to meet the needs of couples and families, all complemented with top-notch hospitality for a truly memorable stay.

Over in the south of the Maldives, in the untouched Laamu Atoll, is our exclusive Six Senses Laamu which offers 97 spacious water and beachfront villas built with the objective of harmonising with the outstanding natural beauty of the island. The privacy and luxury together with top notch services provide for an unforgettable experience for our guests.

Complementing our two Six Senses resorts are the Division's other luxury Maldivian resorts that include InterContinental Maldives Maamunagau Resort, Four Seasons Resort Maldives at Kuda Huraa, Four Seasons Resort Maldives at Landaa Giraavaru, Four Seasons Maldives Private Island at Voavah, Gili Lankanfushi Maldives, and the Holiday Inn Resort Kandooma Maldives.

Four Seasons Resort Maldives at Landaa Giraavaru, Four Seasons Maldives Private Island at Voavah, and Gili Lankanfushi Maldives were recently featured in Condé Nast Traveller 'The Best Hotels in the Maldives' guide.

Four Seasons Resort Maldives at Landaa Giraavaru is located on one of the most beautiful islands in the Baa Atoll, which has been designated a UNESCO Biosphere Reserve. The luxury resort's spectacular bungalows and villas offer unprecedented direct ocean and beach access, where guests can swim with the largest known population of manta rays, observe the rehabilitation of sea turtles at the resort's Marine Discovery Centre, experience world-class wellness at the multi award winning AyurMa spa or indulge in Michelin star dining at the Blu Beach Club.


*COMO Point Yamu, Phuket*

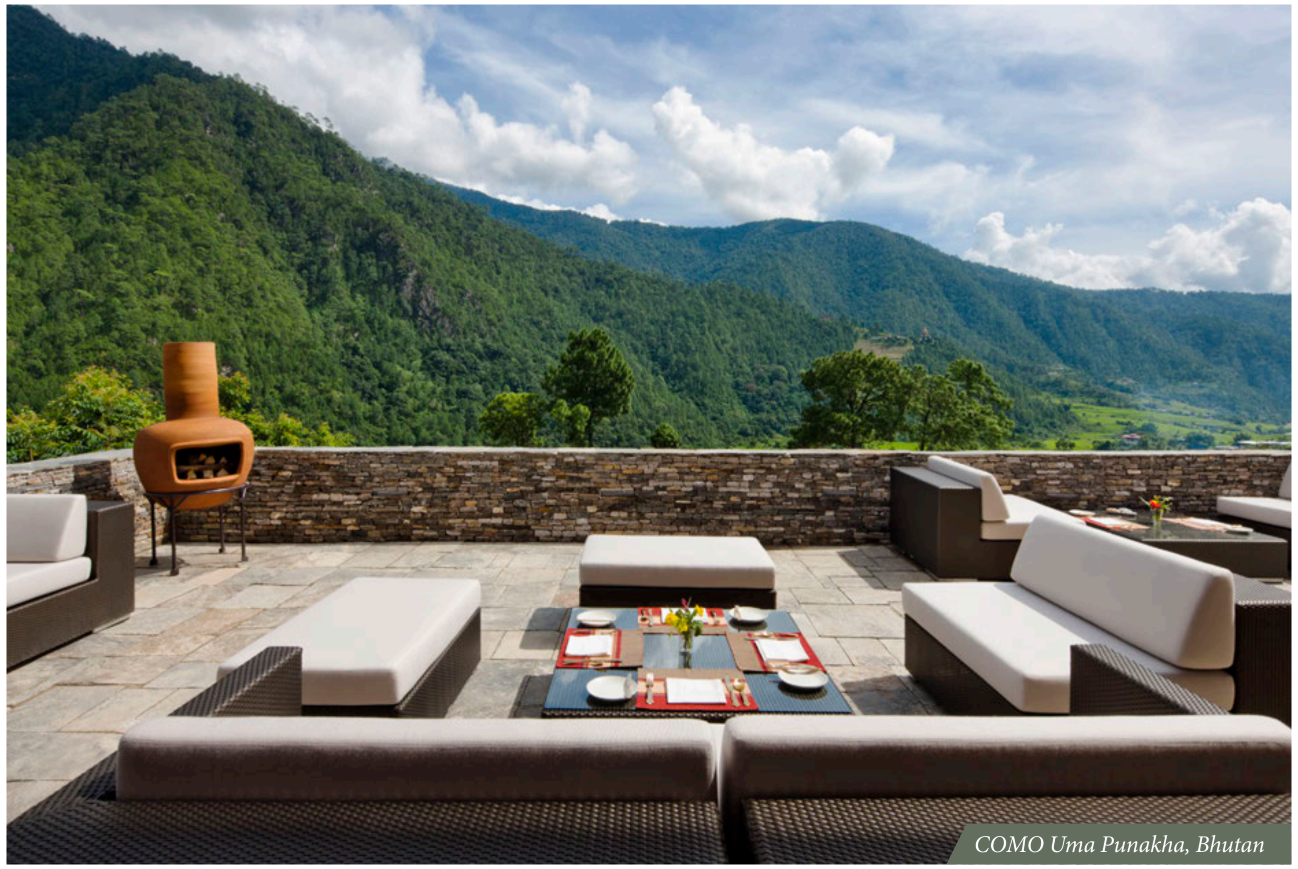
For the ultimate in luxury private island hideaway, discerning guests will find it at the five-acre Four Seasons Maldives Private Island at Voavah. Its remote mid ocean location offers anonymous access to anyone wishing to slip in and out unnoticed. The resort stay includes the use of a private 19-metre yacht, dedicated dive centre, spa and beach house. The island has 7 luxurious bedrooms that can accommodate 21 guests, who will be attended to by a team of dedicated staff who will cater to their every need. Four Seasons Maldives Private Island at Voavah is indeed an island to call your own.

Located in the North Malé Atoll and on a private island nestled in one of the largest lagoons of the Maldives, Gili Lankanfushi Maldives is home to 45 overwater villas, each secluded and strategically located in different areas around the island. The resort is famed for its eco-minded spirit with an emphasis on sustainability, preserving the natural environment, protecting the fragile marine eco-system, and leaving only footprints behind. Each villa's interior is designed to recreate a natural habitat, using sustainable woods, natural materials, and traditional fabrics, whilst still offering modern-day amenities and creature comforts of true luxury.

Also located in the North Malé Atoll, Four Seasons Resort Maldives at Kuda Huraa is home to the Maldives' first private spa island, a world-class surfing tournament and a conservation sanctuary for turtles.




*Four Seasons Hotel The Westcliff, Johannesburg*


*COMO Uma Punakha, Bhutan*



Fringed by turquoise waters and coral reefs, the luxury resort offers a collection of traditional thatched-roof villas and overwater bungalows, all built using local materials and traditional building techniques for the ultimate serene island living with a Maldivian village charm.

Nestled close to the UNESCO Biosphere Reserve of Hanifaru Bay, InterContinental Maldives Maamunagau Resort is a haven teeming with rich marine life and bio diversity where adventurous guests can swim alongside majestic manta rays, explore neighbouring coral reefs, or simply enjoy the crystal-clear waters of the Indian Ocean from the seclusion of one of our luxurious 81 beach, lagoon or overwater residences and villas. As the first and only all Club InterContinental resort, every guest will enjoy personalised service from our talented Island Curators and complimentary privileges throughout the island.

Three of our resorts – COMO Uma Paro, COMO Uma Punakha and Four Seasons Resort Langkawi were winners of Condé Nast Traveller's distinguished 2022 Reader's Choice Awards: The Best Resorts in the World.

Our Four Seasons Resort Langkawi, Malaysia is located on an idyllic stretch of beach in the northern part of Langkawi island which is part of an archipelago of 99 islands in the Andaman Sea. Tucked away within Southeast Asia's first UNESCO Geopark and flanked by a tropical rainforest, limestone cliffs, talcum white sand private beach, and the emerald waters of the Andaman Sea, Four Seasons Resort Langkawi is a secluded oasis presented as a traditional Malay 'kampung' village setting featuring Malay-style pavilions and villas that offer both quiet and romantic havens for couples as well as versatile family-oriented retreats.

*Four Seasons Hotel, Singapore*

The Hotel Division's other Italian resort is Alpina Dolomites. Located on one of Europe's most beautiful high-altitude plateaus of Alpe di Siusi – Seiser Alm, the luxurious 5-star ski resort features spectacular views of the Dolomites, a UNESCO World Heritage Site. Alpina Dolomites eco-friendly architectural design concept where its buildings are made from wood, stone and glass that harmoniously integrate with its natural environment.

Our Division's Indonesian resorts include Sheraton Belitung Resort, Four Seasons Resort Bali at Jimbaran Bay, Four Seasons Resort Bali at Sayan, Four Seasons Resort Bali at Jimbaran Private Estates, and Hard Rock Hotel Bali.

A rice bowl-shaped architecture set against the lush greenery of the Ayung river valley, Four Seasons Resort Bali at Sayan is a luxurious riverside sanctuary where guests enter via a dramatic suspension bridge and cross into a different world of locally inspired experiences such as planting rice in the resort's rice fields to having a traditional farmer's meal by the river which will take adventurers closer to the heart and soul of Bali.

In Jimbaran Bay, the Four Seasons Resort Bali at Jimbaran Private Estates is ideal for families and groups of friends who want privacy amidst their own lush tropical garden accompanied with a private pool and butler service. The Private Estates is just steps away from the sea and provide guests with the spectacular views of Jimbaran Bay and the Bali sea.

For Bali's most exclusive ocean edge living, one will find it at Four Seasons Resort Bali at Jimbaran Bay where the resort's two-storey 13,950 square feet Imperial Villa is equipped with a personal gym alongside a personal trainer and yoga master, an infinity pool, and a fully equipped kitchen with a private chef and butler.

A Tripadvisor 2022 Travellers' Choice Award winner, our other resort in Langkawi, Casa del Mar, is a Mediterranean-style resort set on the island's scenic Pantai Cenang beach, a 10-minute drive from Langkawi airport. The resort's convenient location is within walking distance to many local dining spots, with the island's key tourist attractions within an hour's drive. Our guests can enjoy the Satkara spa which features traditional Malay healing techniques with organic botanicals, or simply relax and take in the breath-taking views of the Andaman Sea's turquoise waters from your suite's private terrace, Casa del Mar Langkawi is the perfect resort for a private and romantic retreat.

For a traveller who is more into upbeat tunes, all-night entertainment, and amplified services, our Hard Rock Hotel Penang is where one can also live the life of the rich and famous in suites which feature Sleep Like a Rock® bedding, Rock Om® yoga, Sound Of Your Stay music experience and the Rock Royalty® Lounge.

Over in Tuscany Italy, is our 50-room COMO Castello del Nero. At the heart of its historic 740-acre estate is a twelfth-century castle with Renaissance frescoes and contemporary interiors by Paola Navone surrounded by lush landscapes of olive groves and vineyards. Discerning guests can enjoy therapeutic sessions at COMO Shambhala Retreat with customised spa treatments that use ingredients grown in their own estate and be pampered with a Michelin starred dining experience at La Torre.

*Four Seasons Resort The Nam Hai, Hoi An, Vietnam*

# Business Review

# PROPERTIES





*Arbor, London*

Business Review

# PROPERTIES

*Paddington Square, London*



The Group successfully completed construction on our two central London office buildings - Bankside Yards West - Arbor and Paddington Square.

**Bankside Yards**

Bankside Yards, a 5.5 acre Central London riverside development on the South Bank of the Thames River, is a scheme which includes high quality residential apartments, a premium commercial office building (named Arbor), a retail hub, a luxury hotel and branded residences plus 3.3 acres of new public open space around fourteen historic railway arches incorporating cultural and wellbeing uses.

Bankside Yards West – Arbor, a brand new 19-storey office building totalling 223,000 square feet and sitting above Bankside Yards' historic railway arches with impressive views of London, achieved practical completion in December 2022. Arbor is designed with wellness and sustainability at the forefront, being carbon neutral in operation and featuring open-air terraces, high ceilings, wide windows, and double-height collaboration spaces to complement flexible working, cycle amenities to encourage active travel and smart enabled. Arbor is certified Platinum by WiredScore, rated Excellent by BREEAM - the world's leading science-based suite of validation and certification systems for the sustainable built environment.

The next phase of construction will be the residential tower in the centre of the Bankside Yards West site, where basement works are already complete. Design development is well advanced meaning that construction could commence later in 2023.

Planning has recently been granted for a revised commercial office scheme on the third building on the West site, closest to the Thames river.

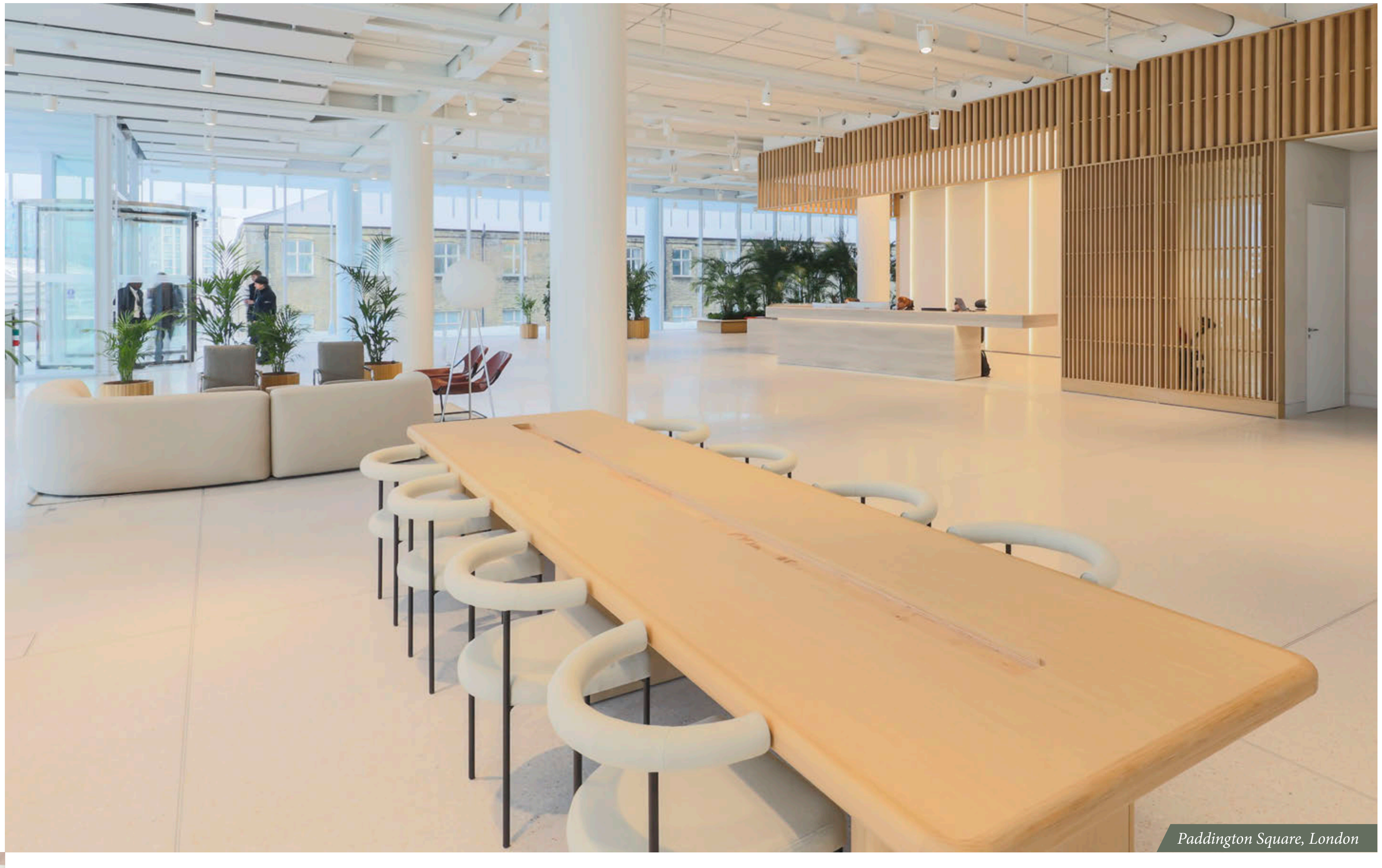
On Bankside Yards East, the scheme has been well refined. Final contracts with a luxury hotel operator are expected to be signed in due course.

**Paddington Square**

Paddington Square, the Renzo Piano designed commercial office, retail and leisure scheme provides approximately 350,000 square feet of light-filled, high tech headquarter offices with approximately 80,000 square feet of curated leisure and retail offerings. A new public piazza will connect the scheme and West London's highest rooftop bar and dining experience is planned with views across the City skyline and Hyde Park.

Practical completion on the offices was achieved in December 2022, with the majority of the office floors now being fitted out by tenants and occupation of the building being phased from end of February 2023. The retail areas on the ground floor and below are being completed in early 2023, with the new Transport for London Bakerloo line ticket hall following during the year.





*Paddington Square, London*

*Arbor, London*

**Singapore**

The Division's portfolio of prime commercial and retail properties in Singapore comprises of Forum the Shopping Mall, Concorde Shopping Mall and seven shop units in Ming Arcade situated in Singapore's prime shopping belt.

In December 2022, the Group has agreed to dispose of all its seven shop units in Ming Arcade in a collective sale resulting in a gain of approximately $62 million.

Our other luxury residential developments in Singapore include Cuscaden Residences, Four Seasons Park, Nassim Jade, Robertson Blue, Scotts 28, and Tomlinson Heights, as well as the d'Leedon and The Interlace condominiums which are joint ventures with CapitaLand.

# CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Chairman**
Arthur Tan Keng Hock

**Managing Director**
Ong Beng Seng

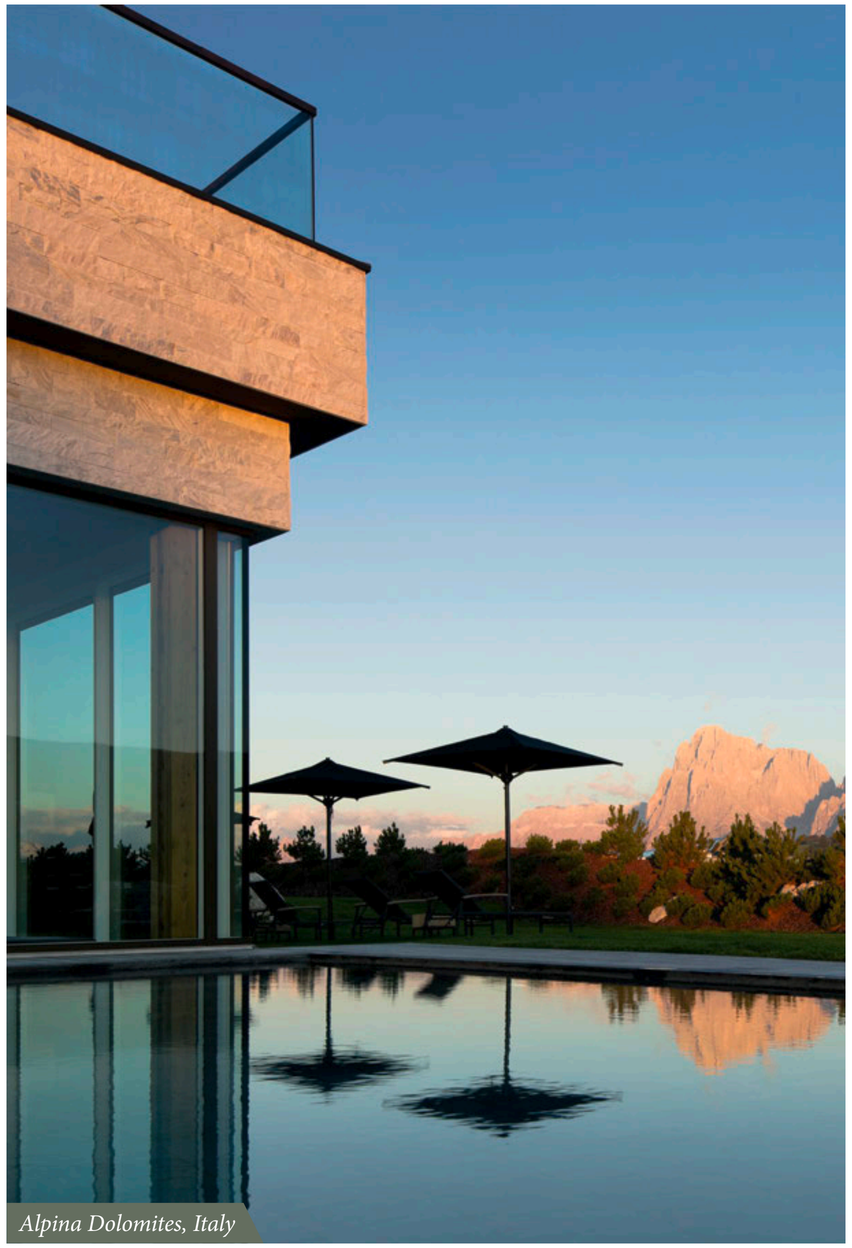
**Members**
Christopher Lim Tien Lock
Leslie Mah Kim Loong
David Fu Kuo Chen
Stephen Lau Buong Lik
Wong Liang Ying

### NOMINATING COMMITTEE

Leslie Mah Kim Loong (Chairman)
David Fu Kuo Chen
Wong Liang Ying

### REMUNERATION COMMITTEE

Arthur Tan Keng Hock (Chairman)
Ong Beng Seng
Wong Liang Ying



*Alpina Dolomites, Italy*

### AUDIT COMMITTEE

Leslie Mah Kim Loong (Chairman)
Arthur Tan Keng Hock
Wong Liang Ying

### COMPANY SECRETARY

Joanna Lim Lan Sim

### PRINCIPAL BANKERS

OCBC Bank
DBS Bank
United Overseas Bank

### AUDITORS

**Deloitte & Touche LLP**
Public Accountants and
Chartered Accountants
Singapore

Partner-in-charge
Lee Boon Teck
(appointed on April 28, 2022)

### REGISTRAR

**Boardroom Corporate &**
**Advisory Services Pte. Ltd.**
1 Harbourfront Avenue
#14-07 Keppel Bay Tower
Singapore 098632
Telephone: 6536 5355

### REGISTERED OFFICE

50 Cuscaden Road
#08-01 HPL House
Singapore 249724
Telephone: 6734 5250



# FINANCIAL STATEMENTS 2022



*Four Seasons Hotel The Westcliff, Johannesburg*

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2022.

In the opinion of the directors,

(a) the financial statements set out on pages 28 to 102 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2022, and the financial performance and cash flows of the Group and changes in equity of the Group and of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 1. DIRECTORS

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

Arthur Tan Keng Hock
Ong Beng Seng
Christopher Lim Tien Lock
Leslie Mah Kim Loong
David Fu Kuo Chen
Stephen Lau Buong Lik
Wong Liang Ying

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

Neither at the end of the financial year nor at anytime during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate except as disclosed in this statement.

## 3. DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act 1967 except as follows:

| Name of director and company in which interests are held | At beginning of year | At end of year |
|---|---|---|
| **Shares in Hotel Properties Limited** | | |
| Ong Beng Seng | 315,241,487* | 315,241,487* |
| David Fu Kuo Chen | 26,026,307 | 26,026,307 |
| Christopher Lim Tien Lock | 1,379,800 | 1,379,800 |
| Stephen Lau Buong Lik | 1,031,600 | 1,031,600 |





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

| Name of director and company in which interests are held | At beginning of year | At end of year |
|---|---|---|
| **Shares in HPL Resorts (Maldives) Private Limited** | | |
| Ong Beng Seng | 10,000** | 10,000** |
| **Shares in HPL Dolomites (UK) Limited** | | |
| Ong Beng Seng | 100** | 100** |
| **Shares in HPL Properties (Indian Ocean) Pte Ltd, HPL Properties (Pacific Ocean) Pte Ltd and HPL Olympia Pte Ltd** | | |
| Ong Beng Seng | 10** | 10** |
| **Shares in HPL Ealing Pte Ltd** | | |
| Ong Beng Seng | 10** | 10** |
| David Fu Kuo Chen | 3** | 3** |
| **Shares in Tiga Stars Pte Ltd** | | |
| Ong Beng Seng | 10** | 10** |
| **Shares in Great Western Enterprises Limited** | | |
| Ong Beng Seng | 132,750,020** | 132,750,020** |
| David Fu Kuo Chen | 39,825,006** | 39,825,006** |
| **Options to acquire ordinary shares under the Hotel Properties Limited Share Option Scheme** | | |
| Christopher Lim Tien Lock | 5,300,000 | 5,300,000 |
| Stephen Lau Buong Lik | 4,500,000 | 4,500,000 |

* As at December 31, 2022, 205,429,232 (as at January 1, 2022: 205,429,232) shares are held by other persons or bodies corporate in which the director has interest by virtue of Section 7 of the Singapore Companies Act 1967.

** Held by other persons or bodies corporate in which the director has interest by virtue of Section 7 of the Singapore Companies Act 1967.

By virtue of Section 7 of the Singapore Companies Act 1967, Mr Ong Beng Seng is deemed to have an interest in the other related corporations of the Company.

There have been no changes in the above directors' interests as at January 21, 2023.

## 4. SHARE OPTIONS AND PERFORMANCE SHARES

The Company has a share option scheme, known as Hotel Properties Employee Share Option Scheme 2010 ("Scheme 2010"), which was approved and adopted by the shareholders on April 29, 2010. The Company has a performance share plan, known as the Hotel Properties Limited Performance Share Plan 2017 ("HPL PSP 2017"), which was approved and adopted by the shareholders on April 27, 2017.

Scheme 2010 and HPL PSP 2017 are administered by the Remuneration Committee whose current members are:

Arthur Tan Keng Hock
Ong Beng Seng
Wong Liang Ying

a) Share Options Granted

No option to take up unissued shares of the Company or any corporation in the Group was granted during the financial year.

b) Share Options Exercised

During the financial year, the Company issued 325,000 new ordinary shares for cash following the exercise of options granted in conjunction with Scheme 2010 by executives of the Company.

Other than the above, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

c) Unissued Shares Under Option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under option except as follows:

| Date of grant | Number of Share Options | | | Exercise price | Exercise period |
|---|---|---|---|---|---|
| | Balance at 1/1/22 | Exercised / Cancelled | Balance at 31/12/22 | | |
| 03/07/2014 | 3,400,000 | (175,000) | 3,225,000 | $3.21 | 03/07/2016 – 02/07/2024 |
| 06/01/2015 | 3,500,000 | (200,000) | 3,300,000 | $3.24 | 06/01/2017 – 05/01/2025 |
| 28/08/2015 | 2,525,000 | (50,000) | 2,475,000 | $2.90 | 28/08/2017 – 27/08/2025 |
| 11/03/2016 | 2,400,000 | (50,000) | 2,350,000 | $2.82 | 11/03/2018 – 10/03/2026 |
| 16/08/2017 | 2,400,000 | (50,000) | 2,350,000 | $3.10 | 16/08/2019 – 15/08/2027 |
| 02/04/2019 | 2,350,000 | - | 2,350,000 | $3.00 | 02/04/2021 – 01/04/2029 |
| 20/08/2019 | 2,325,000 | - | 2,325,000 | $2.82 | 20/08/2021 – 19/08/2029 |
| Total | 18,900,000 | (525,000) | 18,375,000 | | |

d) The information on directors of the Company participating in Scheme 2010 is as follows:

| Name of director | Options granted during the financial year | Aggregate options granted since commencement of the Scheme to the end of the financial year | Aggregate options exercised/lapsed since commencement of the Scheme to the end of the financial year | Aggregate options outstanding at the end of the financial year |
|---|---|---|---|---|
| Christopher Lim Tien Lock | - | 6,650,000 | 1,350,000 | 5,300,000 |
| Stephen Lau Buong Lik | - | 5,550,000 | 1,050,000 | 4,500,000 |

Other than those disclosed above, no participant has received 5% or more of the total number of options available under Scheme 2010.

No options under Scheme 2010 were granted to controlling shareholders or their associates.



DIRECTORS' STATEMENT

## 4. SHARE OPTIONS AND PERFORMANCE SHARES (CONT'D)

e) Awards under Performance Share Plan

At the end of the financial year, there was no award of performance shares under the Performance Share Plan.

## 5. AUDIT COMMITTEE

The Audit Committee ("AC") currently comprises three non-executive independent directors namely, Mr Leslie Mah Kim Loong, Mr Arthur Tan Keng Hock and Mr Wong Liang Ying, all of whom are independent directors. The AC is chaired by Mr Leslie Mah Kim Loong. The AC has held two meetings since the last Annual General Meeting and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

- the audit plans and results of the internal auditors' examination and evaluation of the Group's system of internal accounting controls;
- the audit plan of the external auditors;
- the half-yearly and full year announcements of the results and financial position of the Company and the Group and the financial statements of the Company and consolidated financial statements of the Group prior to their submission to the board of directors;
- interested person transactions;
- the co-operation given by the Company's officers to the internal and external auditors; and
- the re-appointment of the external auditors of the Group.

The AC received co-operation from the management and was not obstructed or impeded by the management in carrying out its functions during the year. The AC has full discretion to invite any director or executive officer of the Company to attend its meetings.

The AC has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

## 6. AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

**Arthur Tan Keng Hock**

**Ong Beng Seng**

March 28, 2023

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Hotel Properties Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2022, and the consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 28 to 102.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (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 December 31, 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the 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 *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 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.

**<u>Valuation for investment properties</u>**

Investment properties of the Group comprise commercial properties located in Singapore which amounted to $674.9 million as at December 31, 2022. These investment properties are stated at fair values based on independent external valuations carried out by independent valuers using the income capitalisation approach and direct comparison method. The valuation of investment properties requires significant judgement and estimation. The valuation involves judgement in selecting an appropriate valuation methodology and estimates which are used in the underlying assumptions. These estimates include rate of capitalisation, estimated rental income, discount rates and adjustments made for differences between the subject properties and comparables taking into consideration differences such as location, size and tenure.



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HOTEL PROPERTIES LIMITED

<u>Our audit performed and responses thereon</u>

Our audit procedures included understanding management's process in selecting the external valuers with the appropriate knowledge and experience and how the valuation reports are used in determining the fair values for accounting purpose. We evaluated the qualifications and competence of the external valuers.

We involved our valuation specialists to understand the valuation methodologies used and the underlying assumptions and test the inputs used in the valuation to rental agreements where appropriate, and challenge the rate of capitalisation, estimated rental income and discount rates for the subject properties based on income capitalisation method. We also evaluated the reasons underlying the directional movement of fair value for the subject properties based on direct comparison method.

We noted that the Group has a process to select valuers with appropriate knowledge and to review and accept the valuations. We are satisfied with the competency and objectivity of the valuers selected. We noted the valuation methodologies used are in line with general market practices and the key assumptions, including rate of capitalisation, estimated rental income and discount rates, used in the valuations are also within a reasonable range. We have also assessed the disclosures in the financial statements to be appropriate.

**Information other than the Financial Statements and Auditor's Report Thereon**

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

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

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

**Responsibilities of Management and Directors for the Financial Statements**

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

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

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

(b) 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.

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

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

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

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



INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF HOTEL PROPERTIES LIMITED

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current 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 partner on the audit resulting in this independent auditor's report is Lee Boon Teck.

**Deloitte & Touche LLP**
**Public Accountants and**
**Chartered Accountants**
**Singapore**

March 28, 2023

# STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022

| | Note | Group 2022 $'000 | Group 2021 $'000 | Company 2022 $'000 | Company 2021 $'000 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Current assets:** | | | | | |
| Cash and bank balances | 6 | 105,308 | 85,609 | 25,011 | 25,685 |
| Held-for-trading investments | 7 | 2,490 | 3,476 | - | - |
| Trade and other receivables | 8 | 79,903 | 75,724 | 3,490 | 3,224 |
| Amount due from associates and jointly controlled entities | 11 | 49,137 | 102,834 | - | 6,009 |
| Amount due from subsidiaries | 14 | - | - | 231,723 | 222,026 |
| Inventories | 9 | 14,207 | 12,359 | 129 | 85 |
| Assets classified as held for sale | 18 | 87,797 | - | - | - |
| Completed properties held for sale | 10 | 7,497 | 7,821 | - | - |
| Total current assets | | 346,339 | 287,823 | 260,353 | 257,029 |
| **Non-current assets:** | | | | | |
| Associates and jointly controlled entities | 11 | 912,674 | 690,122 | 5,980 | - |
| Subsidiaries | 14 | - | - | 1,728,387 | 1,565,777 |
| Investments | 15 | 249,601 | 261,640 | - | - |
| Property, plant and equipment | 16 | 1,615,989 | 1,578,380 | 216,573 | 217,381 |
| Investment properties | 17 | 674,928 | 684,896 | - | - |
| Long-term deposits | 8 | 24,922 | 29,296 | 24,922 | 23,163 |
| Deferred tax assets | 22 | 3,319 | 5,691 | - | - |
| Intangible assets | 19 | 9,703 | 9,686 | - | - |
| Total non-current assets | | 3,491,136 | 3,259,711 | 1,975,862 | 1,806,321 |
| **Total assets** | | **3,837,475** | **3,547,534** | **2,236,215** | **2,063,350** |
| **LIABILITIES AND EQUITY** | | | | | |
| **Current liabilities:** | | | | | |
| Short-term borrowings | 20 | 215,145 | 156,864 | - | - |
| Trade and other payables | 21 | 157,713 | 115,422 | 19,108 | 8,400 |
| Amount due to subsidiaries | 14 | - | - | 653 | 10,228 |
| Income tax payable | | 3,778 | 3,911 | - | - |
| Total current liabilities | | 376,636 | 276,197 | 19,761 | 18,628 |
| **Non-current liabilities:** | | | | | |
| Advances from subsidiaries | 14 | - | - | 450,024 | 372,776 |
| Long-term borrowings | 20 | 1,368,210 | 1,061,941 | 716,120 | 478,800 |
| Long-term lease liabilities | 23 | 114,535 | 103,072 | - | - |
| Deferred tax liabilities | 22 | 15,164 | 15,183 | 380 | 478 |
| Total non-current liabilities | | 1,497,909 | 1,180,196 | 1,166,524 | 852,054 |
| **Share capital and reserves:** | | | | | |
| Share capital | 24 | 726,780 | 725,493 | 726,780 | 725,493 |
| Treasury shares | 25 | (1,746) | (1,746) | (1,746) | (1,746) |
| Reserves | | 922,822 | 968,542 | 165,682 | 160,955 |
| Equity attributable to owners of the Company | | 1,647,856 | 1,692,289 | 890,716 | 884,702 |
| Perpetual capital securities | 27 | 159,214 | 307,966 | 159,214 | 307,966 |
| | | 1,807,070 | 2,000,255 | 1,049,930 | 1,192,668 |
| Non-controlling interests | | 155,860 | 90,886 | - | - |
| Total equity | | 1,962,930 | 2,091,141 | 1,049,930 | 1,192,668 |
| **Total liabilities and equity** | | **3,837,475** | **3,547,534** | **2,236,215** | **2,063,350** |

See accompanying notes to financial statements.



# CONSOLIDATED INCOME STATEMENT

YEAR ENDED DECEMBER 31, 2022

| | Note | Group 2022 $'000 | Group 2021 $'000 |
|---|---|---|---|
| **Revenue** | 28 | 525,507 | 344,221 |
| Cost of sales | | (420,092) | (306,881) |
| **Gross profit** | | 105,415 | 37,340 |
| Other operating income | 29 | 8,020 | 52,610 |
| Administrative expenses | | (71,029) | (50,034) |
| Other operating expenses | 29 | (18,485) | (5,060) |
| Finance costs | | (59,434) | (34,737) |
| Share of results of associates and jointly controlled entities | | 38,317 | (8,984) |
| Profit (Loss) before income tax and fair value changes in investment properties | | 2,804 | (8,865) |
| Net fair value gain in investment properties | 17 | 77,829 | 3,604 |
| **Profit (Loss) before income tax** | 29 | 80,633 | (5,261) |
| Income tax expense | 30 | (10,045) | (462) |
| **Profit (Loss) for the year** | | 70,588 | (5,723) |
| Attributable to: | | | |
| Owners of the Company | | 76,408 | (7,691) |
| Non-controlling interests | | (5,820) | 1,968 |
| | | 70,588 | (5,723) |
| Earning (Loss) per share (Cents): | 31 | | |
| - basic | | 12.65 | (4.17) |
| - diluted | | 12.64 | (4.17) |

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

## YEAR ENDED DECEMBER 31, 2022

| | Group | |
|---|---|---|
| | **2022 $'000** | **2021 $'000** |
| **Profit (Loss) for the year** | 70,588 | (5,723) |
| **Other comprehensive income (loss), net of tax:** | | |
| *Items that will not be reclassified subsequently to profit or loss* | | |
| Remeasurement of defined benefit obligation | 35 | 767 |
| Share of other comprehensive loss of a jointly controlled entity | (5,191) | - |
| | (5,156) | 767 |
| *Items that may be reclassified subsequently to profit or loss* | | |
| Exchange fluctuation and other reserves | (34,517) | (15,851) |
| Share of other comprehensive loss of associates and jointly controlled entities | (54,808) | (2,557) |
| | (89,325) | (18,408) |
| **Total comprehensive loss for the year** | **(23,893)** | **(23,364)** |
| Attributable to: | | |
| Owners of the Company | (12,428) | (25,363) |
| Non-controlling interests | (11,465) | 1,999 |
| | (23,893) | (23,364) |

See accompanying notes to financial statements.



# STATEMENTS OF CHANGES IN EQUITY

## YEAR ENDED DECEMBER 31, 2022

| Group | Share capital $'000 | Treasury shares $'000 | Retained profits $'000 | Other reserves $'000 | Attributable to owners of the Company $'000 | Perpetual capital securities $'000 | Subtotal $'000 | Non-controlling interests $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | (Note 26) | | | | | |
| Balance as at January 1, 2021 | 725,493 | (1,746) | 1,035,864 | (7,428) | 1,752,183 | 307,966 | 2,060,149 | 87,661 | 2,147,810 |
| Total comprehensive income (loss) for the year | | | | | | | | | |
| (Loss) Profit for the year | - | - | (7,691) | - | (7,691) | - | (7,691) | 1,968 | (5,723) |
| Other comprehensive income (loss) for the year | - | - | 767 | (18,439) | (17,672) | - | (17,672) | 31 | (17,641) |
| Total | - | - | (6,924) | (18,439) | (25,363) | - | (25,363) | 1,999 | (23,364) |
| Transactions with owners, recognised directly in equity | | | | | | | | | |
| Recognition of share-based payments | - | - | - | 323 | 323 | - | 323 | - | 323 |
| Dividends (Note 32) | - | - | (20,839) | - | (20,839) | - | (20,839) | - | (20,839) |
| Net movement during the year | - | - | - | - | - | - | - | 1,226 | 1,226 |
| Total | - | - | (20,839) | 323 | (20,516) | - | (20,516) | 1,226 | (19,290) |
| Distribution to perpetual capital securities holders | - | - | (14,015) | - | (14,015) | - | (14,015) | - | (14,015) |
| **Balance as at December 31, 2021** | **725,493** | **(1,746)** | **994,086** | **(25,544)** | **1,692,289** | **307,966** | **2,000,255** | **90,886** | **2,091,141** |
| Total comprehensive income (loss) for the year | | | | | | | | | |
| Profit (Loss) for the year | - | - | 76,408 | - | 76,408 | - | 76,408 | (5,820) | 70,588 |
| Other comprehensive loss for the year | - | - | (924) | (87,912) | (88,836) | - | (88,836) | (5,645) | (94,481) |
| Total | - | - | 75,484 | (87,912) | (12,428) | - | (12,428) | (11,465) | (23,893) |
| Transactions with owners, recognised directly in equity | | | | | | | | | |
| Dividends (Note 32) | - | - | (20,852) | - | (20,852) | - | (20,852) | - | (20,852) |
| Net movement during the year | - | - | (237) | (216) | (453) | - | (453) | 76,439 | 75,986 |
| Issue of shares | 1,287 | - | - | (240) | 1,047 | - | 1,047 | - | 1,047 |
| Total | 1,287 | - | (21,089) | (456) | (20,258) | - | (20,258) | 76,439 | 56,181 |
| Redemption of perpetual capital securities | - | - | (1,248) | - | (1,248) | (148,752) | (150,000) | - | (150,000) |
| Distribution to perpetual capital securities holders | - | - | (10,499) | - | (10,499) | - | (10,499) | - | (10,499) |
| **Balance as at December 31, 2022** | **726,780** | **(1,746)** | **1,036,734** | **(113,912)** | **1,647,856** | **159,214** | **1,807,070** | **155,860** | **1,962,930** |

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

## YEAR ENDED DECEMBER 31, 2022 (CONT'D)

| Company | Share capital $'000 | Treasury shares $'000 | Retained profits $'000 | Other reserves $'000 | Attributable to owners of the Company $'000 | Perpetual capital securities $'000 | Total equity $'000 |
|---|---|---|---|---|---|---|---|
| | | | | (Note 26) | | | |
| Balance as at January 1, 2021 | 725,493 | (1,746) | 152,798 | 9,922 | 886,467 | 307,966 | 1,194,433 |
| Total comprehensive income for the year | | | | | | | |
| Profit for the year | - | - | 31,988 | - | 31,988 | - | 31,988 |
| Other comprehensive income for the year | - | - | - | 778 | 778 | - | 778 |
| Total | - | - | 31,988 | 778 | 32,766 | - | 32,766 |
| Transactions with owners, recognised directly in equity | | | | | | | |
| Recognition of share-based payments | - | - | - | 323 | 323 | - | 323 |
| Dividends (Note 32) | - | - | (20,839) | - | (20,839) | - | (20,839) |
| Total | - | - | (20,839) | 323 | (20,516) | - | (20,516) |
| Distribution to perpetual capital securities holders | - | - | (14,015) | - | (14,015) | - | (14,015) |
| **Balance as at December 31, 2021** | **725,493** | **(1,746)** | **149,932** | **11,023** | **884,702** | **307,966** | **1,192,668** |
| Total comprehensive income for the year | | | | | | | |
| Profit for the year | - | - | 37,566 | - | 37,566 | - | 37,566 |
| Total | - | - | 37,566 | - | 37,566 | - | 37,566 |
| Transactions with owners, recognised directly in equity | | | | | | | |
| Dividends (Note 32) | - | - | (20,852) | - | (20,852) | - | (20,852) |
| Net movement during the year | - | - | 95 | (95) | - | - | - |
| Issue of shares | 1,287 | - | - | (240) | 1,047 | - | 1,047 |
| Total | 1,287 | - | (20,757) | (335) | (19,805) | - | (19,805) |
| Redemption to perpetual capital securities | - | - | (1,248) | - | (1,248) | (148,752) | (150,000) |
| Distribution to perpetual capital securities holders | - | - | (10,499) | - | (10,499) | - | (10,499) |
| **Balance as at December 31, 2022** | **726,780** | **(1,746)** | **154,994** | **10,688** | **890,716** | **159,214** | **1,049,930** |

See accompanying notes to financial statements.



# CONSOLIDATED STATEMENT OF CASH FLOWS

## YEAR ENDED DECEMBER 31, 2022

| | Group 2022 $'000 | Group 2021 $'000 |
|---|---|---|
| **Cash flows from operating activities:** | | |
| Profit before income tax and share of results of associates and jointly controlled entities | 42,316 | 3,723 |
| Adjustments for: | | |
| Amortisation of intangible assets | 55 | 220 |
| Depreciation expense | 76,499 | 79,379 |
| Share-based payment expense | - | 323 |
| Net fair value gain in investment properties | (77,829) | (3,604) |
| Net fair value loss in held-for-trading investments | 75 | 315 |
| Net fair value loss (gain) in investments | 17,329 | (45,115) |
| Net (gain) loss on disposal of property, plant and equipment | (187) | 24 |
| Finance costs | 59,434 | 34,737 |
| Interest income | (1,437) | (964) |
| Dividend income | (2,763) | (4,610) |
| Profit before working capital changes | 113,492 | 64,428 |
| Trade and other payables | 42,614 | 6,792 |
| Trade and other receivables | (6,990) | (11,550) |
| Held-for-trading investments | 911 | (960) |
| Inventories | (2,112) | (2,068) |
| Cash generated from operations | 147,915 | 56,642 |
| Dividend received | 2,763 | 4,610 |
| Income tax paid | (5,755) | (7,148) |
| Net cash from operating activities | 144,923 | 54,104 |
| **Cash flows used in investing activities:** | | |
| Additional property, plant and equipment | (132,308) | (96,112) |
| Net additional investments | (8,190) | (39,710) |
| Net deposits refunded from (placed for) investments | 1,709 | (29,296) |
| Net investment in associates and jointly controlled entities* | (230,344) | (74,884) |
| Proceeds from disposal of investments | - | 35,836 |
| Proceeds from disposal of property, plant and equipment | 1,430 | 347 |
| Net cash used in investing activities | (367,703) | (203,819) |

* Includes interest income of $216,000 (2021: $Nil) and dividend income of $18,439,000 (2021: $1,458,000) received from associates and jointly controlled entities during the year.

| | Group | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| **Cash flows from financing activities:** | | |
| Interest received | 1,437 | 964 |
| Finance costs paid | (53,310) | (35,303) |
| Repayment of lease liabilities | (9,687) | (2,549) |
| Dividend paid | (20,852) | (20,839) |
| Distribution to perpetual capital securities holders | (10,499) | (14,015) |
| Net receipts from non-controlling shareholders^ | 76,796 | 73 |
| Additional borrowings | 642,062 | 313,372 |
| Repayment of borrowings | (228,947) | (103,913) |
| Increase in deposits under pledge to bank | (13,196) | - |
| Redemption of perpetual capital securities | (150,000) | - |
| Proceeds from issue of shares | 1,047 | - |
| Net cash from financing activities | 234,851 | 137,790 |
| Net increase (decrease) in cash and cash equivalents | 12,071 | (11,925) |
| Cash and cash equivalents at beginning of year | 81,365 | 91,569 |
| Effect of exchange rate changes on cash balances held in foreign currencies | (5,538) | 1,721 |
| **Cash and cash equivalents at end of year** | **87,898** | **81,365** |

^ Includes an amount of approximately $76.4 million (2021: $Nil) from a company in which a director is deemed to have interest.

The cash and cash equivalents as at December 31, 2022, for the purposes of Consolidated Statement of Cash Flows, comprise cash and bank balances less deposits pledged to banks (Note 6).

Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | Group | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| Borrowings, lease liabilities and interest payable: | | |
| As at beginning of the year | 1,325,227 | 1,112,289 |
| New lease liabilities | 21,039 | 9,987 |
| Financing cash flows [(1)] | 350,118 | 171,607 |
| Finance costs | 59,434 | 34,737 |
| Foreign exchange movement | (48,151) | (1,637) |
| Other changes | (2,761) | (1,756) |
| As at end of the year | 1,704,906 | 1,325,227 |

Note:

(1) The cash flows make up the net amount of additional borrowings, repayment of borrowings, finance costs paid and repayment of lease liabilities in the consolidated statement of cash flows. Total cash outflow for leases in 2022 was $21,588,000 (2021: $15,115,000).

See accompanying notes to financial statements.





1. **GENERAL**

The Company (Registration No. 198000348Z) is incorporated in the Republic of Singapore with its principal place of business and registered office at 50 Cuscaden Road, #08-01 HPL House, Singapore 249724. The principal place of business for the hotel operations of Voco Orchard Singapore is at 581 Orchard Road, Singapore 238883. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Singapore dollars.

The principal activities of the Company are those of a hotelier and an investment holding company. The principal activities of subsidiaries, significant associates and jointly controlled entities are described in Notes 36, 37 and 38 respectively to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended December 31, 2022 were authorised for issue by the Board of Directors on March 28, 2023.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

BASIS OF ACCOUNTING - The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of SFRS(I) 2 *Share-based Payments*, leasing transactions that are within the scope of SFRS(I) 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in SFRS(I) 1-2 *Inventories* or value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

ADOPTION OF NEW AND REVISED STANDARDS – The Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations and effective for annual periods beginning on or after January 1, 2022. The adoption of these new/revised SFRS(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following amendments to SFRS(I) that are relevant to the Group and the Company were issued but not effective during the financial year:

- Amendments to SFRS(I) 10 and SFRS(I) 1-28: *Sale or Contribution of Assets between Investor and its Associate or Joint Venture*
- 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*

The above amendments are not expected to have a significant impact on the Group and Company.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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



NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies used in line with the Group's accounting policies.

All significant intra-group transactions and balances are eliminated on consolidation.

Changes in the Group's ownership interest in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATION – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of each acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed by the Group, and any equity interests issued by the Group, in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair values, with changes in fair values recognised in profit or loss.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I)s are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with SFRS(I) 2 *Share-based Payment*; and
- assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.





**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

For the acquisition of an asset or a group of assets that does not constitute a business, the Group identifies and recognises the individual identifiable assets acquired (including those assets that meet the definition of, and recognition criteria for, intangible assets in SFRS(I) 1-38 *Intangible Assets*) and liabilities assumed. The cost of acquisition is allocated to the individual assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction or event does not give rise to goodwill.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

<u>Financial assets</u>

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

<u>Classification of financial assets</u>

The Group classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVTOCI); and
- Fair value through profit or loss (FVTPL).

*Financial assets classified as at amortised cost*

These mainly comprise cash and cash equivalents and trade and other receivables.

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

*Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. Interest income is recognised in profit or loss.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Debt instruments classified as measured at FVTOCI*

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Fair value is determined in the manner described in the respective note to financial statements. These debt instruments are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these debt instruments as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments recognised in other comprehensive income and accumulated under the heading of other capital reserve. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

<u>Equity instruments</u>

*Equity instruments designated as at FVTOCI*

On initial recognition, the Group may make an irrevocable election (on an investment-by-investment basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 applies.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Movements in fair values of investments classified as FVTOCI are taken to "other reserves" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss.

*Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- The Group classified all debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria as FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as FVTPL upon initial recognition if such designation eliminate or significantly reduce any measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as FVTPL.





**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. Fair value is determined in the manner described in the respective notes to the financial statements.

<u>Impairment of financial assets</u>

The Group recognises a loss allowance for expected credit loss ("ECL") on financial assets at amortised costs and debt instruments measured at FVTOCI. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The lifetime ECL on trade receivables are estimated based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Group measures the loss allowance based on lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-months ECL ("12m ECL"). The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

*Significant increase in credit risk*

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations, namely the hotel and residential properties development industries.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; or
- significant increases in credit risk on other financial instruments of the same debtor.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

*Definition of default*

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

a) significant financial difficulty of the issuer or the borrower;
b) a breach of contract, such as a default or past due event;
c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
e) the disappearance of an active market for that financial asset because of financial difficulties.

*Write-off policy*

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Any recoveries made are recognised in profit or loss.





## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

*Measurement and recognition of expected credit losses*

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in other capital reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

*Derecognition of financial assets*

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in other capital reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

*Financial liabilities at FVTPL*

Financial liabilities are classified as at FVTPL when the financial liability is 1) contingent consideration of an acquirer in a business combination to which SFRS(I) 3 applies, 2) held for trading, or 3) it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and SFRS(I) 9 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

*Financial liabilities subsequently measured at amortised cost*

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.





2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derivative financial instruments

The Group uses derivative financial instruments such as cross currency swaps to hedge its risks associated with exchange rate fluctuations. The Group maintains natural hedges, whenever possible, by borrowing in currencies that match the future revenue stream to be generated from its investments. The Group does not use derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain derivatives as hedging instruments in respect of foreign currency risk and interest rate risk in cash flow hedges or hedges of net investments in foreign operations as appropriate.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

*Cash flow hedges*

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. If the Group expects that some or all of the loss accumulated in other comprehensive income will not be recovered in the future, that amount is immediately reclassified to profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

*Hedges of net investments in foreign operations*

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the exchange fluctuation reserve are reclassified to profit or loss on the disposal or partial disposal of the foreign operation.

*Fair value hedges*

The fair value change on qualifying hedging instruments is recognised in the same line as the hedged item in profit or loss when the hedging instrument hedges an equity instrument designated at FVTPL.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Group and the Company have a legally enforceable right to set off the recognised amounts; and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

FINANCIAL GUARANTEE CONTRACT LIABILITES - Financial guarantee contract liabilities are measured initially at their fair values and are measured subsequently, if applicable, at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the principles of SFRS(I) 15.

INVENTORIES – Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the moving average/first-in first-out method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

DEVELOPMENT PROPERTIES – Development properties for sale are stated at cost. The cost of property under development includes land cost, acquisition costs, development expenditure and other related expenditure.

Revenue is recognised when control over the property has been transferred to the customer, either over time or at a point in time, depending on the contractual terms.

For development properties whereby the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date, revenue is recognised over time.





## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

For development properties whereby the Group has no enforceable right to payment until legal title has passed to the customer, revenue is recognised when the legal title has been transferred to the customer. The revenue is measured at the transaction price agreed under the contract.

COMPLETED PROPERTIES HELD FOR SALE – Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is calculated using the specific identification method. Net realisable value represents the estimated selling price less all estimated costs to be incurred in the marketing and selling.

ASSOCIATES AND JOINTLY CONTROLLED ENTITIES – An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of associates and jointly controlled entities (collectively referred to as "equity accounted investees") are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with SFRS(I) 5. Under the equity method, investments in equity accounted investees are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the investees. Losses of an investee in excess of the Group's interest in that investee (which includes any long-term interests that, in substance, form part of the Group's net investment in the investee) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the investee.

An investment in an equity accounted investee is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the equity accounted investees recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of investment, after reassessment, is recognised immediately in profit or loss.

The requirements of SFRS(I) 1-36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an equity accounted investee. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with SFRS(I) 1-36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with SFRS(I) 1-36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an equity accounted investee, or when the investment is classified as held for sale. When the Group retains an interest in the former investee and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with SFRS(I) 9. The difference between the carrying amount of the equity accounted investee at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the equity accounted investee is included in the determination of the gain or loss on disposal of the investee. In addition, the Group reclassifies to profit or loss all amounts previously recognised in other comprehensive income in relation to that investee on the same basis as would have been required if that investee had directly disposed of the related assets or liabilities.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an equity accounted investee but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Where a group entity transacts with an equity accounted investee of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant equity accounted investees.

The gain or loss arising on the disposal of an equity accounted investee of the Group is determined as the difference between the sales proceeds and its net carrying amount and is recognised in profit or loss. Amounts previously recognised in other comprehensive income in relation to the equity accounted investee are reclassified from equity to profit or loss (as a reclassification adjustment) upon disposal.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost or valuation, less accumulated depreciation and any accumulated impairment loss where the recoverable amount of the asset is estimated to be lower than its carrying amount.

Properties in the course of construction are carried at cost, less any recognised impairment loss. Cost includes professional fees, and for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Operating equipment is written off based on periodic physical inventory counts. Depreciation is charged so as to write off the cost of assets, other than freehold and long-term leasehold land and construction-in-progress, over their estimated useful lives, using the straight-line method, on the following bases:

| | |
|---|---|
| Leasehold land and property | - 19 to 89 years |
| Buildings and improvements | - 5 to 50 years |
| Plant and equipment, furniture, fixtures and fittings | - 3 to 20 years |

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation is not provided on freehold and long-term leasehold land and construction-in-progress. Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

Fully depreciated assets still in use are retained in the financial statements.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

INVESTMENT PROPERTIES – Investment properties are held on a long-term basis for investment potential and income. Investment properties are measured initially at their cost, including transaction cost. Subsequent to initial recognition, investment properties are stated at their fair values based on valuation performed by professional valuers on an open market value basis. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss for the period in which they arise.





**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

INTANGIBLE ASSETS – These comprise goodwill and franchise rights. Franchise rights are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over the estimated useful lives of 20 years. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS EXCLUDING GOODWILL – At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets (excluding goodwill) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss.

LEASES – Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

When a contract includes lease and non-lease components, the Group applies SFRS(I) 15 *Revenue from Contracts with Customers* to allocate the consideration under the contract to each component.

As a lessee, the Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate specific to the lessee.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease laibility (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as part of property, plant and equipment in the statement of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.





## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'Other operating expenses' in the statement of profit or loss.

As a practical expedient, SFRS(I) 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligations. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation, and is discounted to present value where the effect is material.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

SHARE-BASED PAYMENTS – The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the shares that will eventually vest.

REVENUE RECOGNITION - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

a) Sales other than revenue from development properties are recognised when the control of the goods or services underlying the particular performance obligation is transferred to the customer;
b) Revenue from development properties is recognised in accordance with the Group's accounting policy on development properties (see above);
c) Hotel room revenue is recognised at a point in time based on room occupancy while other hotel revenue are recognised at a point in time when the goods are delivered or the services are rendered to the customers;
d) Rental income is recognised on a straight-line basis over the term of the relevant lease;
e) Management fee income is recognised when services are rendered;
f) Interest income is accrued on a time proportion basis, by reference to the principal outstanding and at the interest rate applicable; and
g) Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

For defined benefit retirement benefit plans, the cost of providing benefits is determined by actuarial valuations carried out at the end of each reporting period. Remeasurement, comprising actuarial gains or losses, is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in the other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in the profit or loss in the period of a plan amendment.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and respective subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.



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2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates (and tax laws) that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has not rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except where they arise from the initial accounting for a business combination, in which case the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each entity within the Group are presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and the statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in the Group's exchange fluctuation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in exchange fluctuation reserve (attributed to non-controlling interest, as appropriate). Such reserves are reclassified from equity to profit or loss (as a reclassification adjustment) on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

**3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS**

The preparation of financial statements in conformity with SFRS(I)s requires the exercise of judgement, the use of estimates and assumptions concerning the future by management.

The Group on its own or in reliance on third party experts, applies estimates, judgements and assumptions in various areas including the following:

i) Impairment of tangible and intangible assets.
Determining whether an asset is impaired requires an estimation of the recoverable amount of this asset. The recoverable amount of the asset is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal is largely based on the fair value of the asset determined by independent professional valuer. The value in use calculation requires the Group to estimate the future cash flows expected from the assets and an appropriate discount rate in order to calculate the present value of the future cash flows. The net realisable value of completed properties held for sale is estimated based on recent transacted sales of the existing units as well as similar properties in the surrounding location. The assessment is performed on a unit-by-unit basis taking into consideration the location and type of the underlying unit.

ii) Determination of fair value of unquoted investments and investment properties, where the details are described in Notes 15 and 17 respectively.

iii) Assessment of adequacy of provision for income taxes.
The Group is subject to income taxes in numerous jurisdictions. Judgement is involved in determining the group-wide provision for income taxes. The Group recognises the expected liabilities for tax based on an estimation of the likely taxes due, which requires judgement as to the ultimate tax determination of certain items, where the actual liability arising from these issues differs from these estimates, such differences will have an impact on income tax and deferred tax provisions in the period when such determination is made.

These estimates, judgements and assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The carrying amounts of the above are disclosed in the respective notes to the financial statements.





**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT**

The following table sets out the financial instruments as at the end of the reporting period:

| | Group | | Company | |
|---|---|---|---|---|
| | **2022 $'000** | **2021 $'000** | **2022 $'000** | **2021 $'000** |
| **Financial assets** | | | | |
| Financial assets at amortised cost | 182,956 | 214,921 | 1,834,174 | 1,668,332 |
| Financial assets measured at FVTPL | 252,091 | 264,119 | - | - |
| Financial assets at FVTOCI | | | | |
| Debt instruments measured at FVTOCI | - | 997 | - | - |
| **Financial liabilities** | | | | |
| Financial liabilities at amortised cost | 1,738,912 | 1,332,247 | 1,185,905 | 870,204 |
| Lease liabilities | 116,691 | 105,052 | - | - |

The main risks arising from the Group's financial instruments are interest rate risk, foreign exchange risk, credit risk, liquidity risk and market risk. The policies for managing each of these risks are summarised below.

<u>Interest rate risk management</u>

The Group's and the Company's exposure to the risk of changes in interest rates relates mainly to bank borrowings and advances to and from subsidiaries respectively. The Group actively reviews its debt portfolio to achieve the most favourable interest rates available. The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. Hedging instruments such as interest rate swaps are also used where appropriate to minimise its exposure to interest rate volatility.

The Group is aware that USD LIBOR will cease publication after June 30, 2023. In 2022, the Group transitioned most of its bank loans linked to USD LIBOR to the Secured Overnight Financing Rate as a direct consequence of the reform and on an economically equivalent basis. As at end of the reporting period, the Group had USD LIBOR bank loans amounted to approximately $93 million maturing in 2023 to 2025. The Group expects to transit these bank loans to an alternative benchmark rate prior to the cessation of the USD LIBOR.

**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)**

*Interest rate sensitivity*

The sensitivity analysis below have been determined based on the exposures to interest rates for significant non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates.

At the end of the reporting period, it is estimated that a 50 basis point increase/decrease in interest rates would decrease/increase the Group's and the Company's profit before tax by approximately $5.3 million and $0.7 million respectively (2021: $4.4 million and $0.2 million respectively).

Foreign exchange risk management

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to United States dollars, Sterling pounds and Euro.

The Group maintains natural hedges, whenever possible, by borrowing in currencies that match the future revenue stream to be generated from its investments. Hedging instruments such as cross currency swaps are also used where appropriate to hedge its exposure to foreign exchange risk.

At the reporting date, the significant carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective group entities' functional currencies, after taking into consideration the cross currency swaps, where applicable, are as follows:

| | Group | | | | Company | | | |
|---|---|---|---|---|---|---|---|---|
| | Liabilities | | Assets | | Liabilities | | Assets | |
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| United States dollars | 297,220 | 303,159 | 291,842 | 297,496 | 146,306 | 136,722 | 158,237 | 137,991 |
| Sterling pounds | 252,837 | 248,002 | 238,651 | 249,683 | 15,705 | 61 | 15,996 | 264 |
| Euro | 117,235 | - | 78,269 | 167 | 27,214 | - | 27,214 | - |





**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)**

*Foreign currency sensitivity*

The sensitivity analysis uses a 10% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity analysis includes only significant outstanding foreign currency denominated monetary items not designated as hedge and adjusts their translation at the year end for a 10% change in foreign currency rates. The following table details the sensitivity to a 10% increase/decrease in the functional currency against the relevant foreign currencies. If the functional currency strengthens by 10% against the relevant foreign currency, profit before tax and other equity will increase (decrease) by:

| | US dollar impact | | Sterling pound impact | | Euro impact | |
|---|---|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| **Group** | | | | | | |
| Profit before tax | (1,271) | (826) | (28) | (21) | (1) | (5) |
| Other equity | 1,809 | 1,392 | 1,447 | (147) | 3,898 | (12) |
| **Company** | | | | | | |
| Profit before tax | (1,193) | (127) | (29) | (20) | - | - |

If the functional currency weakens by 10% against the relevant foreign currency, profit before tax and other equity will (increase) decrease by the same amounts.

Credit risk management

The Group has a diversified portfolio of businesses and at the end of the reporting period, there was no significant concentration of credit risk with any entity, except for balances due from certain jointly controlled entities and subsidiaries which individually accounted for 5% or more of the total receivables of the Group and the Company respectively. The Group has guidelines governing the process of granting credit as a service or product provider in its respective segments of business. The Group and the Company have considered the credit quality of the advances and receivables and determined that the credit loss is low except as disclosed.

The carrying amount of advances and receivables (including cash and bank balances) represents the maximum credit risk exposure for the Group and the Company at the end of the reporting period.

The Group develops and maintains its credit risk gradings to categorise exposures according to their degree of risk of default. The Group uses its own trading records to rate its major customers and other debtors.

## 4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

The Group's current credit risk grading framework comprises the following categories:

| Category | Description | Basis for recognising ECL |
|---|---|---|
| Performing | The counterparty has a low risk of default and does not have any past due amounts. | 12-month ECL |
| Doubtful | Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition unless the Group has reasonable and supportable information to indicate that amount is subject to low credit risk. | Lifetime ECL – not credit-impaired |
| In default | Amount is >90 days past due or there is evidence indicating the asset is credit-impaired and adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate. | Lifetime ECL – credit-impaired |
| Write-off | There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery. | Amount is written off |

The table below details the credit quality of the Group's and the Company's financial assets as well as maximum exposure to credit risk by credit risk rating grades:

| 2022 | Note | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Trade receivables | 8 | (a) | Lifetime ECL (simplified approach) | 24,929 | (717) | 24,212 |
| Other receivables | 8 | (b) | 12-month ECL | 4,299 | - | 4,299 |
| Amount due from associates – current | 12 | (b) | 12-month ECL | 4,080 | - | 4,080 |
| Non-current advances to associates | 12 | (b) | 12-month ECL | 763 | - | 763 |
| Amount due from jointly controlled entities – current | 13 | (b) | 12-month ECL | 45,057 | - | 45,057 |
| | | | | | (717) | |
| **Company** | | | | | | |
| Trade receivables | 8 | (a) | Lifetime ECL (simplified approach) | 1,112 | (60) | 1,052 |
| Other receivables | 8 | (b) | 12-month ECL | 141 | - | 141 |
| Non-current advances to associates | 12 | (b) | 12-month ECL | 763 | - | 763 |
| Amount due from subsidiaries – current | 14 | (b) | 12-month ECL | 231,723 | - | 231,723 |
| Non-current advances to subsidiaries | 14 | (b) | 12-month ECL | 1,598,133 | (23,777) | 1,574,356 |
| | | | | | (23,837) | |





## 4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)

| 2021 | Note | Internal credit rating | 12-month or lifetime ECL | Gross carrying amount $'000 | Loss allowance $'000 | Net carrying amount $'000 |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| Trade receivables | 8 | (a) | Lifetime ECL (simplified approach) | 23,449 | (1,500) | 21,949 |
| Other receivables | 8 | (b) | 12-month ECL | 4,244 | - | 4,244 |
| Amount due from associates – current | 12 | (b) | 12-month ECL | 8,255 | - | 8,255 |
| Amount due from jointly controlled entities – current | 13 | (b) | 12-month ECL | 94,579 | - | 94,579 |
| | | | | | (1,500) | |
| **Company** | | | | | | |
| Trade receivables | 8 | (a) | Lifetime ECL (simplified approach) | 781 | (1) | 780 |
| Other receivables | 8 | (b) | 12-month ECL | 1,098 | - | 1,098 |
| Amount due from associates – current | 12 | (b) | 12-month ECL | 6,009 | - | 6,009 |
| Amount due from subsidiaries – current | 14 | (b) | 12-month ECL | 222,026 | - | 222,026 |
| Non-current advances to subsidiaries | 14 | (b) | 12-month ECL | 1,435,523 | (23,777) | 1,411,746 |
| | | | | | (23,778) | |

(a) The Group and the Company determine the expected credit losses on these items estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

(b) The Group and the Company determine the expected credit losses on these items by taking into account the financial position of the other receivables, associates, jointly controlled entities and subsidiaries, adjusted for factors that are specific to these companies and general economic conditions of the industries in which they operate.

The Group and the Company have adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group and the Company only grants credit to creditworthy counterparties. Cash is held with creditworthy institutions and is subject to immaterial credit loss.

The Group and the Company have no significant concentration of credit risk with any single customer or group of customers.

Further details of credit risks on trade and other receivables, amount due from associates, jointly controlled entities and subsidiaries are disclosed in Notes 8, 12, 13 and 14 respectively.

**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)**

Liquidity risk management

The Group actively manages its debt maturity profile, operating cash flows and availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirement. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position.

As at December 31, 2022, notwithstanding that the Group's current liabilities exceeded its current assets by $30,297,000, these financial statements are prepared on a going concern basis as the Group will have sufficient funding from forecasted positive operating cash flows for the next 12 months, available undrawn committed credit facilities, and the ability to obtain additional credit facilities where required, to enable the Group to pay its debts as and when they fall due.

Subsequent to year end, the Group re-financed certain borrowings amounting to $48,807,000 in March 2023 by renewing the facilities by another 4 years.

*Liquidity risk analysis*

The following are the expected contractual undiscounted cash flows of financial liabilities, including interest payments:

| | | Contractual cash flows (including interest payments) | | | |
|---|---|---|---|---|---|
| | **Carrying amount $'000** | **Total $'000** | **On demand or within 1 year $'000** | **Within 2 to 5 years $'000** | **After 5 years $'000** |
| **Group** | | | | | |
| **2022** | | | | | |
| Non-interest bearing | 155,557 | 155,557 | 155,557 | - | - |
| Interest bearing | 1,700,046 | 2,147,862 | 297,813 | 1,379,694 | 470,355 |
| | 1,855,603 | 2,303,419 | 453,370 | 1,379,694 | 470,355 |
| **2021** | | | | | |
| Non-interest bearing | 113,442 | 113,442 | 113,442 | - | - |
| Interest bearing | 1,323,857 | 1,664,518 | 193,561 | 1,038,327 | 432,630 |
| | 1,437,299 | 1,777,960 | 307,003 | 1,038,327 | 432,630 |
| **Company** | | | | | |
| **2022** | | | | | |
| Non-interest bearing | 19,761 | 19,761 | 19,761 | - | - |
| Interest bearing | 1,166,144 | 1,293,700 | 48,742 | 1,118,624 | 126,334 |
| | 1,185,905 | 1,313,461 | 68,503 | 1,118,624 | 126,334 |
| **2021** | | | | | |
| Non-interest bearing | 18,628 | 18,628 | 18,628 | - | - |
| Interest bearing | 851,576 | 919,442 | 18,471 | 770,062 | 130,909 |
| | 870,204 | 938,070 | 37,099 | 770,062 | 130,909 |

The Group and the Company have provided corporate guarantees of approximately $612 million (2021: $648 million) and $1,285 million (2021: $1,212 million) respectively to financial institutions in respect of credit facilities granted to certain associate, certain jointly controlled entities and certain subsidiaries respectively at the end of the reporting period.





**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)**

The Group and the Company are exposed to credit risk in respect of the corporate guarantees they have provided. To mitigate the risk, management continually monitors the risk and has established processes including performing credit evaluations of the associate, jointly controlled entities and subsidiaries. The maximum exposure to credit risk in respect of these financial guarantees at year end is as disclosed above. These guarantees are subject to the impairment requirements of SFRS(I) 9. The Group and the Company have assessed that these associate, jointly controlled entities and subsidiaries have the financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from these guarantees.

The earliest period that the corporate guarantees could be called is within 1 year (2021: 1 year) from the end of the reporting period. Based on expectations at the end of the reporting period, the Group and the Company consider that it is more likely than not that no amount will be payable under the arrangements. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses. The Group and the Company have also obtained bankers' guarantees as disclosed in Note 20.

The Group's financial assets are due on demand or within 1 year. The Company's financial assets are due on demand or within 1 year except for non-current advances to subsidiaries (Note 14).

Market risk management

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to quoted securities or factors affecting all securities traded in the market.

The Group has invested in various securities. The valuations and liquidity of these investments are subject to market risk.

At the end of the reporting period, it is estimated that a 10% change in market prices would have an impact on the Group's profit before tax and equity for the year by approximately $11.7 million (2021: $14.0 million) and $Nil million (2021: $0.1 million) respectively.

Capital management

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.

The total capital of the Group as at the end of the reporting period is represented by the "Equity attributable to owners of the Company" as presented on the statements of financial position.

The Group manages its capital structure and makes adjustment to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives during the years ended December 31, 2022 and 2021.

Fair values of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other current receivables and payables, and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

**4. FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONT'D)**

The carrying amounts of long-term financial liabilities and financial assets comprising mainly long-term borrowings and certain advances to subsidiaries approximate their respective fair values as they are based on interest rates that approximate market interest rates, except as disclosed in Note 20(a). The carrying amounts of certain advances to subsidiaries which are interest-free approximate their fair values as the effect of discounting is not expected to be significant.

The fair values of other classes of financial assets and liabilities are determined as follows:

i) the fair value of financial assets and financial liabilities traded on active liquid markets are determined with reference to quoted market prices; and

ii) the fair value of unquoted financial instruments are determined in accordance with Note 15.

The table below analyses financial instruments carried at fair value, by valuation method.

| | Total $'000 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 |
|---|---|---|---|---|
| **Group** | | | | |
| **2022** | | | | |
| **Financial assets** | | | | |
| Held-for-trading investments | 2,490 | 2,490 | - | - |
| Investments | 249,601 | 114,075 | 14,486 | *121,040 |
| **2021** | | | | |
| **Financial assets** | | | | |
| Held-for-trading investments | 3,476 | 3,476 | - | - |
| Investments | 261,640 | 137,920 | 14,131 | *109,589 |

* The key unobservable input used to determine this fair value is the net asset value. The higher the net asset value, the higher the fair value of the investments.

Reconciliation of level 3 fair value measurements:

| | Group | |
|---|---|---|
| | **2022 $'000** | **2021 $'000** |
| *Unquoted investments* | | |
| Opening balance | 109,589 | 81,846 |
| Total net gain in profit or loss | 6,994 | 18,787 |
| Net purchases | 4,457 | 8,956 |
| Closing balance | 121,040 | 109,589 |





**5. RELATED PARTY TRANSACTIONS**

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand.

a) Significant transactions with such related parties during the year, other than those disclosed elsewhere in the financial statements, are as follows:

| | Group | |
|---|---|---|
| | **2022 $'000** | **2021 $'000** |
| Transactions with companies in which certain directors are deemed to have interests: | | |
| Management fee expense | 852 | 560 |
| Management fee income | (1,621) | (1,395) |
| Rental income | (5,980) | (6,368) |
| Transactions with associates: | | |
| Management fee income | (651) | (415) |

b) The remuneration of directors and other members of key management during the year was as follows:

| | Group | |
|---|---|---|
| | **2022 $'000** | **2021 $'000** |
| Short-term benefits | 14,415 | 9,180 |
| Post-employment benefits | 298 | 211 |
| Share-based payments | - | 224 |
| | 14,713 | 9,615 |

**6. CASH AND BANK BALANCES**

a) As at December 31, 2022, cash and bank balances of the Group of approximately $17,410,000 (2021: $4,244,000) were pledged to the banks to secure certain credit facilities.

b) Certain bank deposits of the Group bear annual interest ranging from 0.01% to 15% (2021: 0.01% to 4.5%). The interest rate is re-fixed on a short-term basis typically 6 months or less.

**7. HELD-FOR-TRADING INVESTMENTS**

| | Group | |
|---|---|---|
| | **2022 $'000** | **2021 $'000** |
| Quoted equity shares, at fair value | 2,490 | 3,476 |

The fair values of these quoted equity shares were based on closing quoted market prices on the last market day of the financial year, with fair value changes taken to profit or loss.

## 8. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Trade receivables | 24,929 | 23,449 | 1,112 | 781 |
| Less: Loss allowance | (717) | (1,500) | (60) | (1) |
| | 24,212 | 21,949 | 1,052 | 780 |
| Deposits placed for investments | 46,305 | 52,483 | 24,922 | 23,163 |
| Other deposits | 9,250 | 9,288 | 1,949 | 933 |
| Grant receivable | - | 285 | - | 56 |
| Other receivables | 4,299 | 4,244 | 141 | 1,098 |
| Prepayments | 20,759 | 16,771 | 348 | 357 |
| Total | 104,825 | 105,020 | 28,412 | 26,387 |
| Analysed as: | | | | |
| Current | 79,903 | 75,724 | 3,490 | 3,224 |
| Non-current | 24,922 | 29,296 | 24,922 | 23,163 |
| | 104,825 | 105,020 | 28,412 | 26,387 |

The Group was eligible for the Job Support Scheme ("JSS"), a Singapore government grant announced to provide wage support to employers to help them retain their local employees (Singapore citizens and Permanent Residents) during the period of economic uncertainty caused by the COVID-19 pandemic. The Group had fulfilled the conditions to receive the grant, hence a grant receivable and a deferred grant income (Note 21) was recognised as at the end of the previous reporting period.

As at January 1, 2021, trade receivables from contracts with customers amounted to $18,342,000 (net of loss allowance of $1,431,000).

Interest is charged at rates ranging from 14% to 18% (2021: 14% to 18%) per annum on certain overdue trade balances. Trade receivables are provided for based on estimated irrecoverable amounts from the sale of goods and services, determined by reference to past default experience and objective evidence of impairment which includes ageing of receivables and the financial condition of the debtor.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable. The concentration of credit risk is limited due to the customer base being large and unrelated to one another.

Included in the Group's trade receivables balance are debtors with a carrying amount of $6.7 million (2021: $7.3 million) which are past due as at the end of the reporting period for which the Group has not provided as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables is 51 days (2021: 56 days).

Loss allowance for trade receivables has been measured at an amount equal to lifetime ECL. The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate.

A trade receivable is written off when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Hence, an amount of $1,022,000 (2021: $170,000) was written off during the financial year.





## 8. TRADE AND OTHER RECEIVABLES (CONT'D)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Balance at beginning of year | 1,500 | 1,431 | 1 | 49 |
| Amount written off during the year | (1,022) | (170) | - | - |
| Net increase (decrease) in allowance recognised in profit or loss | 232 | 220 | 59 | (48) |
| Exchange realignment | 7 | 19 | - | - |
| Balance at end of year | 717 | 1,500 | 60 | 1 |

For the purpose of impairment assessment, the other receivables is considered to have low credit risk as there has been no significant increase in the risk of default since initial recognition. In determining the ECL, management has taken into consideration the cash receipts, adjusted for factors that are specific to the counterparties and general economic conditions of the industry and assessed that the receivables is subject to immaterial credit loss.

## 9. INVENTORIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Saleable merchandise | 10,083 | 8,300 | 129 | 85 |
| Operating supplies | 4,124 | 4,059 | - | - |
| Total | 14,207 | 12,359 | 129 | 85 |

## 10. COMPLETED PROPERTIES HELD FOR SALE

**Group**

| Location | Title | Description |
|---|---|---|
| The Met<br>123 South Sathorn Road,<br>Bangkok, Thailand | Freehold | 9 (2021: 9) condominium units with an aggregate floor area of approximately 20,969 (2021: 20,969) square feet |

## 11. ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Associates (Note 12) | 341,885 | 350,212 | 5,980 | - |
| Jointly controlled entities (Note 13) | 570,789 | 339,910 | - | - |
| Total | 912,674 | 690,122 | 5,980 | - |
| Amount due from associates – current (Note 12) | 4,080 | 8,255 | - | 6,009 |
| Amount due from jointly controlled entities – current (Note 13) | 45,057 | 94,579 | - | - |
| Total | 49,137 | 102,834 | - | 6,009 |

## 12. ASSOCIATES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Cost of investments in associates [1] | 381,894 | 377,769 | - | - |
| Share of post-acquisition results and reserves net of dividend received | (198,777) | (164,443) | - | - |
| Advances to associates [2] | 159,039 | 137,157 | 5,980 | - |
| Impairment loss | (271) | (271) | - | - |
| Net (Note 11) | 341,885 | 350,212 | 5,980 | - |

(1) During the financial year, equity contribution of $4,125,000 (2021: $1,300,000) was made in associates of the Group in which a director is deemed to have interest.

(2) Advances to associates are in substance net investment except for an amount of $763,000 which bears interest rates ranging from 3.8% to 4.9% (2021: 3.4%) per annum.

For the purpose of impairment assessment, the amount due from associates (classified as current asset) are considered to have low credit risk as there has been no significant increase in the risk of default since initial recognition. In determining the ECL, management has taken into account the financial position of the associates, adjusted for factors that are specific to the associates and general economic conditions of the industry in which the associate operates, in estimating the probability of default of the advances as well as the loss upon default and determines the advances to associates are subject to immaterial credit loss.

As at December 31, 2022, the amount due from associates (current) to the Group and the Company of $4,080,000 (2021: $8,255,000) and $Nil (2021: $6,009,000) respectively are unsecured, interest-free and repayable on demand, except for the amount of $2,753,000 (2021: $912,000) due to the Group which bears interest ranging from 5.5% to 6.0% (2021: 6.0%) per annum.

Information relating to significant associates is shown in Note 37 to the financial statements.





## 13. JOINTLY CONTROLLED ENTITIES

| | Group | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| Cost of investments in jointly controlled entities | 302,597 | 308,728 |
| Share of post-acquisition results and reserves net of dividend received | (205,131) | (169,351) |
| Advances to jointly controlled entities [1] | 476,783 | 203,993 |
| Impairment loss | (3,460) | (3,460) |
| Net (Note 11) | 570,789 | 339,910 |

(1) Advances to jointly controlled entities are in substance net investment.

For the purpose of impairment assessment, the amount due from jointly controlled entities (classified as current asset) are considered to have low credit risk as there has been no significant increase in the risk of default since initial recognition. In determining the ECL, management has taken into account the financial position of the jointly controlled entities, adjusted for factors that are specific to the jointly controlled entities and general economic conditions of the industry in which the jointly controlled entity operates, in estimating the probability of default of the advances as well as the loss upon default and determines the advances to jointly controlled entities are subject to immaterial credit loss.

As at December 31, 2022, the amount due from jointly controlled entities (current) to the Group of $45,057,000 (2021: $94,579,000) is unsecured, interest-free and repayable on demand.

During the financial year, advances of $37,003,000 (2021: $39,458,000) were made to jointly controlled entities of the Group in which a director is deemed to have interest.

Information relating to significant jointly controlled entities is shown in Note 38 to the financial statements.

**14. SUBSIDIARIES**

| | Company | |
|---|---|---|
| | **2022 $'000** | **2021 $'000** |
| Total advances to subsidiaries | 1,829,856 | 1,657,549 |
| Less: Impairment loss | (23,777) | (23,777) |
| | 1,806,079 | 1,633,772 |
| Less: Amount due from subsidiaries classified as current asset | (231,723) | (222,026) |
| Non-current advances to subsidiaries | 1,574,356 | 1,411,746 |
| Unquoted equity shares, at cost | 154,031 | 154,031 |
| Total | 1,728,387 | 1,565,777 |

The non-current advances to subsidiaries of $1,574,356,000 (2021: $1,411,746,000) are unsecured, substantially non-trade in nature and have been classified as non-current assets as the Company does not expect repayment within 12 months from the end of the reporting date. These advances are interest-free except for the amount of $389,234,000 (2021: $354,173,000) which bears annual interest at rates ranging from 1.4% to 4.5% (2021: 1.2% to 3.8%) per annum.

The amounts due from subsidiaries (current) of $231,723,000 (2021: $222,026,000) are unsecured, interest-free and repayable on demand except for the amount of $86,793,000 (2021: $74,250,000) which bears annual interest at rates ranging from 1.4% to 5.2% (2021: 1.2% to 3.8%) per annum.

For the purpose of impairment assessment, the advances to/amount due from subsidiaries are considered to have low credit risk as the timing of payment is controlled by the Company taking into account cash flow management within the Group and there has been no significant increase in the risk of default on the advances since initial recognition. Accordingly, for the purpose of impairment assessment of the advances, the loss allowance is measured at an amount equal to 12-month expected ECL. In determining the ECL, management has taken into account the financial position of the subsidiaries, adjusted for factors that are specific to the subsidiaries and general economic conditions of the industry in which the subsidiary operates, in estimating the probability of default of the advances as well as the loss upon default and determines the advances to subsidiaries are subject to immaterial credit loss.

As at December 31, 2022, the amount due to subsidiaries of $653,000 (2021: $10,228,000) are unsecured, interest-free and repayable on demand. The advances from subsidiaries of $450,024,000 (2021: $372,776,000) bear interest at rates ranging from 1.1% to 5.2% (2021: 1.0% to 1.3%) per annum and are unsecured.

During the financial year, interest income from subsidiaries amounted to $14,350,000 (2021: $8,784,000).

Information relating to subsidiaries is shown in Note 36 to the financial statements.





**15. INVESTMENTS**

| | Group | |
|---|---|---|
| | **2022 $'000** | **2021 $'000** |
| **Non-current:** | | |
| Financial assets measured at FVTPL | | |
| Quoted equity shares | 114,075 | 136,923 |
| Unquoted equity shares | 121,040 | 109,589 |
| Unquoted debt securities | 14,486 | 14,131 |
| Financial assets measured at FVTOCI | | |
| Quoted debt securities | - | 997 |
| | 249,601 | 261,640 |

The Group's investments in equity instruments and certain debt instruments have been designated as at FVTOCI or FVTPL on an investment-by-investment basis.

Certain investments in debt instruments had been classified as FVTOCI in the previous financial year as they were held within a business model whose objective was both to collect the contractual cash flows and to sell the debt instruments, and they had contractual cash flows that were solely payments of principal and interest on the principal amount outstanding.

The fair values of the unquoted equity shares are determined based on the net asset values of these investments which approximate the fair values. The fair values of the quoted equity shares and debt securities are determined based on market prices at the end of the reporting period. The debt securities bear fixed interest rate at 5.0% (2021: rates ranging from 5.0% to 5.2%) per annum and mature in 2025 (2021: 2024 and 2025).

## 16. PROPERTY, PLANT AND EQUIPMENT

| | Freehold and long-term leasehold land and buildings $'000 | Leasehold land and buildings $'000 | Plant and equipment, furniture, fixtures and fittings $'000 | Construction-in-progress $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Cost: | | | | | |
| At January 1, 2021 | 919,131 | 1,013,276 | 596,361 | 37,276 | 2,566,044 |
| Additions | 1,304 | 60,869 | 10,360 | 33,419 | 105,952 |
| Reclassifications | 2,578 | 8,450 | 11,359 | (22,387) | - |
| Disposals | (31) | - | (5,246) | - | (5,277) |
| Exchange realignment | (26,801) | 16,040 | 2,208 | (1,371) | (9,924) |
| At December 31, 2021 | 896,181 | 1,098,635 | 615,042 | 46,937 | 2,656,795 |
| Additions | 2,920 | 22,219 | 11,871 | 115,943 | 152,953 |
| Additions arising from reclassification of a jointly-controlled entity to a subsidiary due to additional interest acquired | - | - | - | 9,630 | 9,630 |
| Reclassifications | 19 | 4,378 | 14,461 | (18,858) | - |
| Disposals | (953) | (1,347) | (5,617) | - | (7,917) |
| Exchange realignment | (38,144) | (11,701) | (10,124) | (3,848) | (63,817) |
| At December 31, 2022 | 860,023 | 1,112,184 | 625,633 | 149,804 | 2,747,644 |
| Accumulated depreciation: | | | | | |
| At January 1, 2021 | 163,255 | 371,541 | 457,025 | - | 991,821 |
| Depreciation for the year | 10,004 | 29,734 | 39,641 | - | 79,379 |
| Disposals | (20) | - | (4,886) | - | (4,906) |
| Exchange realignment | (3,621) | 6,030 | 1,001 | - | 3,410 |
| At December 31, 2021 | 169,618 | 407,305 | 492,781 | - | 1,069,704 |
| Depreciation for the year | 9,534 | 30,815 | 36,150 | - | 76,499 |
| Disposals | (57) | (1,185) | (5,274) | - | (6,516) |
| Exchange realignment | (3,764) | (4,875) | (7,828) | - | (16,467) |
| At December 31, 2022 | 175,331 | 432,060 | 515,829 | - | 1,123,220 |



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## 16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Freehold and long-term leasehold land and buildings $'000 | Leasehold land and buildings $'000 | Plant and equipment, furniture, fixtures and fittings $'000 | Construction-in-progress $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Impairment loss: | | | | | |
| At January 1, 2021 | 2,351 | - | - | 6,913 | 9,264 |
| Exchange realignment | (4) | - | - | (549) | (553) |
| At December 31, 2021 | 2,347 | - | - | 6,364 | 8,711 |
| Exchange realignment | (13) | - | - | (263) | (276) |
| At December 31, 2022 | 2,334 | - | - | 6,101 | 8,435 |
| Carrying amount: | | | | | |
| At December 31, 2021 | 724,216 | 691,330 | 122,261 | 40,573 | 1,578,380 |
| At December 31, 2022 | 682,358 | 680,124 | 109,804 | 143,703 | 1,615,989 |

The Group's right-of-use assets comprise of:

| | Leasehold land and buildings $'000 | Plant and equipment, furniture, fixtures and fittings $'000 | Total $'000 |
|---|---|---|---|
| **Group** | | | |
| Cost: | | | |
| At January 1, 2021 | 343,193 | 791 | 343,984 |
| Additions | 9,618 | 222 | 9,840 |
| Disposals | - | (87) | (87) |
| Exchange realignment | 3,092 | (10) | 3,082 |
| At December 31, 2021 | 355,903 | 916 | 356,819 |
| Additions | 20,488 | 157 | 20,645 |
| Disposals | (978) | - | (978) |
| Exchange realignment | (1,372) | (49) | (1,421) |
| At December 31, 2022 | 374,041 | 1,024 | 375,065 |

## 16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Leasehold land and buildings $'000 | Plant and equipment, furniture, fixtures and fittings $'000 | Total $'000 |
|---|---|---|---|
| **Group** | | | |
| Accumulated depreciation: | | | |
| At January 1, 2021 | 92,521 | 367 | 92,888 |
| Depreciation | 5,481 | 145 | 5,626 |
| Disposals | - | (87) | (87) |
| Exchange realignment | 948 | (4) | 944 |
| At December 31, 2021 | 98,950 | 421 | 99,371 |
| Depreciation | 5,869 | 119 | 5,988 |
| Disposals | (820) | - | (820) |
| Exchange realignment | (326) | (23) | (349) |
| At December 31, 2022 | 103,673 | 517 | 104,190 |
| Carrying amount: | | | |
| At December 31, 2021 | 256,953 | 495 | 257,448 |
| At December 31, 2022 | 270,368 | 507 | 270,875 |





## 16. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| | Freehold and long-term leasehold land and buildings $'000 | Plant and equipment, furniture, fixtures and fittings $'000 | Construction-in-progress $'000 | Total $'000 |
|---|---|---|---|---|
| **Company** | | | | |
| Cost: | | | | |
| At January 1, 2021 | 232,915 | 98,641 | 162 | 331,718 |
| Additions | - | 564 | 215 | 779 |
| Reclassifications | - | 289 | (289) | - |
| Disposals | - | (1,426) | - | (1,426) |
| At December 31, 2021 | 232,915 | 98,068 | 88 | 331,071 |
| Additions | - | 1,742 | - | 1,742 |
| Reclassifications | - | 71 | (71) | - |
| Disposals | - | (1,954) | - | (1,954) |
| At December 31, 2022 | 232,915 | 97,927 | 17 | 330,859 |
| Accumulated depreciation: | | | | |
| At January 1, 2021 | 20,037 | 92,204 | - | 112,241 |
| Depreciation for the year | 419 | 2,367 | - | 2,786 |
| Disposals | - | (1,337) | - | (1,337) |
| At December 31, 2021 | 20,456 | 93,234 | - | 113,690 |
| Depreciation for the year | 419 | 2,016 | - | 2,435 |
| Disposals | - | (1,839) | - | (1,839) |
| At December 31, 2022 | 20,875 | 93,411 | - | 114,286 |
| Carrying amount: | | | | |
| At December 31, 2021 | 212,459 | 4,834 | 88 | 217,381 |
| At December 31, 2022 | 212,040 | 4,516 | 17 | 216,573 |

As at December 31, 2022, certain property, plant and equipment with total carrying amount of $1,309 million (2021: $1,283 million) were mortgaged to banks to secure credit facilities for the Company and respective subsidiaries of the Group.

## 17. INVESTMENT PROPERTIES

**Group**

| **Property Description/Location** | **Title** |
|---|---|
| Office and shop units at 50 Cuscaden Road, Singapore 249724 | Freehold |
| Office and shop units at 583 Orchard Road, Singapore 238884 | Freehold |
| 63 shop units at 100 Orchard Road, Concorde Shopping Mall, Singapore 238840 | Leasehold 99 years from August 17, 1979 |

The Group owns seven freehold shop units located in Ming Arcade which have been reclassified to assets classified as held for sale (Note 18) as at December 31, 2022, as the Group has agreed to dispose of all seven units in a collective sale in December 2022.

For the year ended December 31, 2022, total fair value gain recognised for all investment properties including the seven Ming Arcade shop units amounted to $77.8 million (2021: $3.6 million).

Gross rental income and direct operating expenses arising from all investment properties including the Ming Arcade shop units amounted to $21.9 million (2021: $21.7 million) and $8.2 million (2021: $6.8 million) respectively for the year ended December 31, 2022.

As at December 31, 2022, certain investment properties amounting to approximately $663 million (2021: $648 million) were mortgaged to banks to secure credit facilities for the respective subsidiaries of the Group.

The fair values of the investment properties at December 31, 2022 and 2021 have been determined on the basis of valuations carried out at the respective year end dates by independent valuers having an appropriate recognised professional qualification based on income capitalisation approach and direct comparison method that reflects prevailing property market conditions and existing tenancies as at the respective dates. The valuations conform to International Valuation Standards.

Details of the investment properties and information about the fair value hierarchy as at December 31, 2022 are as follows:

| | **Total $'000** | **Level 1 $'000** | **Level 2 $'000** | **Level 3 $'000** |
|---|---|---|---|---|
| **Group** | | | | |
| **2022** | | | | |
| Investment properties | 674,928 | - | - | 674,928 |
| **2021** | | | | |
| Investment properties | 684,896 | - | - | 684,896 |

The Group considers certain unobservable inputs used by the independent valuers in determining the fair value measurement of the Group's investment properties as sensitive to the fair value measurement. A change in these inputs will have a corresponding increase/decrease in the fair valuation as follows:

a) The higher the rental, the higher the fair value;

b) The higher the capitalisation rate which ranges from 2.8% to 3.8% (2021: 2.8% to 4.3%), the lower the fair value; and

c) The higher the transacted price of comparable units which range from $24,000 to $166,000 (2021: $21,000 to $119,000) per square metre, the higher the fair value.





## 18. ASSETS CLASSIFIED AS HELD FOR SALE

In December 2022, the Group through its wholly-owned subsidiaries, has agreed to dispose of all seven freehold shop units located at 21 Cuscaden Road, Ming Arcade, Singapore 249720 in a collective sale.

The seven shop units in Ming Arcade have accordingly been reclassified from investment properties (Note 17) to assets classified as held for sale, and carried at fair value determined based on the sale value in the sale contract as at December 31, 2022 and is classified as level 2 of the fair value hierarchy.

## 19. INTANGIBLE ASSETS

| | **Goodwill $'000** | **Franchise rights $'000** | **Total $'000** |
|---|---|---|---|
| **Group** | | | |
| Cost: | | | |
| At January 1, 2021 | 20,616 | 7,365 | 27,981 |
| Exchange realignment | (152) | (336) | (488) |
| At December 31, 2021 | 20,464 | 7,029 | 27,493 |
| Addition during the year | - | 157 | 157 |
| Exchange realignment | (943) | (114) | (1,057) |
| At December 31, 2022 | 19,521 | 7,072 | 26,593 |
| Accumulated amortisation: | | | |
| At January 1, 2021 | - | 6,650 | 6,650 |
| Amortisation charged against other operating expenses | - | 220 | 220 |
| Exchange realignment | - | (313) | (313) |
| At December 31, 2021 | - | 6,557 | 6,557 |
| Amortisation charged against other operating expenses | - | 55 | 55 |
| Exchange realignment | - | (29) | (29) |
| At December 31, 2022 | - | 6,583 | 6,583 |
| Impairment loss: | | | |
| At January 1, 2021 | 11,402 | - | 11,402 |
| Exchange realignment | (152) | - | (152) |
| At December 31, 2021 | 11,250 | - | 11,250 |
| Exchange realignment | (943) | - | (943) |
| At December 31, 2022 | 10,307 | - | 10,307 |
| Carrying amount: | | | |
| At December 31, 2021 | 9,214 | 472 | 9,686 |
| At December 31, 2022 | 9,214 | 489 | 9,703 |

Goodwill acquired in a business combination is allocated at acquisition to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill attributable to certain hotel business is approximately $9.2 million (2021: $9.2 million) respectively.

Recoverable amount was determined based on the independent professional valuation using discounted cashflow method, at discount rates ranging from 8.0% to 10.3% (2021: 8.0% to 10.3%) and terminal yield rate of 7.0% (2021: 7.0%).

## 20. BORROWINGS AND OTHER LONG-TERM LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| **Due after twelve months** | | | | |
| Long-term bank loans | 844,807 | 717,730 | 193,368 | 135,514 |
| Notes payable | 522,752 | 343,286 | 522,752 | 343,286 |
| Other long-term liabilities | 651 | 925 | - | - |
| | 1,368,210 | 1,061,941 | 716,120 | 478,800 |
| **Due within twelve months** | | | | |
| Current portion of long-term bank loans | 214,876 | 156,594 | - | - |
| Current portion of other long-term liabilities | 269 | 270 | - | - |
| | 215,145 | 156,864 | - | - |
| Bankers' guarantees | 1,930 | 766 | 541 | 193 |

a) During the year, bank loans (secured) bear floating interest rates ranging from 1.0% to 6.1% (2021: 1.0% to 3.1%) per annum, and certain notes payable (unsecured) and other long-term liabilities (secured) bear fixed interest rates ranging from 3.8% to 5.0% (2021: 3.8% to 5.0%) per annum. The carrying amount of these notes and other long-term liabilities is $523,672,000 and their fair value is $466,758,000 (2021: $344,481,000 and $348,499,000 respectively). The notes and other long-term liabilities are classified under level 2 of the fair value hierarchy and the fair value has been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate. The facilities are repayable from 2023 to 2028 (2021: 2022 to 2028).

b) Securities include legal mortgages on properties of the Company and certain subsidiaries (Notes 16 and 17); subordinated mortgages over certain subsidiaries' lease rights, fixed and floating charges on the assets of the Company and certain subsidiaries; pledge of shares of certain subsidiaries and corporate guarantees from the Company, certain subsidiaries and certain non-controlling shareholders.

c) Bank loans at floating interest rates are contractually repriced on a short-term basis, typically six months or less.

d) The Group has obtained bankers' guarantees in favour of various statutory boards and government regulatory authorities. These guarantees are secured by the assets and undertakings as disclosed in (b) above and/or pledge of fixed deposits (Note 6) of certain subsidiaries.

e) Included in the borrowings is a subsidiary's long-term bank loan of approximately $40 million whereby the critical terms of the bank loan are expected to hedge against the foreign exchange movements of the income stream of the subsidiary. The subsidiary performed a qualitative assessment and it is expected that the cash flow of the bank loan is effective in offsetting the cash flow of the income stream. During the year, there is no hedge ineffectiveness recognised in profit or loss and the deferred loss on the hedge recognised in other comprehensive loss amounted to approximately $18 million (Note 26).



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## 21. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Trade payables | 99,715 | 67,417 | 4,593 | 2,437 |
| Accrued employee-related expenses | 25,115 | 18,829 | 7,696 | 1,424 |
| Accrued operating expenses | 20,439 | 16,779 | 2,963 | 2,589 |
| Due to companies in which certain directors have interests* | 392 | 370 | - | - |
| Interest payable to non-related companies | 4,860 | 1,370 | 3,369 | 1,098 |
| Lease liabilities – current (Note 23) | 2,156 | 1,980 | - | - |
| Deferred grant income | - | 1,105 | - | 337 |
| Others | 5,036 | 7,572 | 487 | 515 |
| Total | 157,713 | 115,422 | 19,108 | 8,400 |

*Amounts due to companies in which certain directors have interests are unsecured, interest-free and repayable on demand.

The average credit period on purchases of goods and services ranges from 1 to 2 months (2021: 1 to 2 months).

## 22. DEFERRED TAX ASSETS / LIABILITIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2022 $'000 | 2021 $'000 | 2022 $'000 | 2021 $'000 |
| Deferred tax assets | (3,319) | (5,691) | - | - |
| Deferred tax liabilities | 15,164 | 15,183 | 380 | 478 |
| Net | 11,845 | 9,492 | 380 | 478 |

**22. DEFERRED TAX ASSETS / LIABILITIES (CONT'D)**

The following are the major deferred tax assets and liabilities recognised by the Group and the Company and movements thereon during the year:

| | Net accelerated tax depreciation $'000 | Other temporary differences* $'000 | Total $'000 |
|---|---|---|---|
| **Group** | | | |
| At January 1, 2021 | 2,726 | 9,382 | 12,108 |
| Reversal from profit or loss (Note 30) | (1,051) | (1,367) | (2,418) |
| Charge to other comprehensive income | - | 221 | 221 |
| Exchange realignment | (69) | (350) | (419) |
| At December 31, 2021 | 1,606 | 7,886 | 9,492 |
| Charge to profit or loss (Note 30) | 1,682 | 2,776 | 4,458 |
| Charge to other comprehensive income | - | 6 | 6 |
| Exchange realignment | (68) | (2,043) | (2,111) |
| At December 31, 2022 | 3,220 | 8,625 | 11,845 |

* Other temporary differences comprise mainly deferred tax liability arising from business combinations.

| | Accelerated tax depreciation $'000 |
|---|---|
| **Company** | |
| At January 1, 2021 | 581 |
| Reversal from profit or loss | (103) |
| At December 31, 2021 | 478 |
| Reversal from profit or loss | (98) |
| At December 31, 2022 | 380 |





**23. LEASE LIABILITIES**

**The Group as lessee**

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| **Lease liabilities** | | |
| Maturity analysis: | | |
| Year 1 | 14,183 | 13,759 |
| Year 2 | 13,397 | 13,190 |
| Year 3 | 14,102 | 13,107 |
| Year 4 | 14,306 | 13,065 |
| Year 5 | 15,514 | 13,039 |
| Year 6 onwards | 344,021 | 301,721 |
| | 415,523 | 367,881 |
| Less: Unearned interest | (298,832) | (262,829) |
| | 116,691 | 105,052 |
| Analysed as: | | |
| Current (Note 21) | 2,156 | 1,980 |
| Non-current | 114,535 | 103,072 |
| | 116,691 | 105,052 |

**24. SHARE CAPITAL AND OPTIONS**

| | Group and Company | | | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | Number of ordinary shares | | $'000 | $'000 |
| **Issued and fully paid:** | | | | |
| At beginning of year | 521,490,251 | 521,490,251 | 725,493 | 725,493 |
| Issue of shares | 325,000 | - | 1,287 | - |
| At end of year | 521,815,251 | 521,490,251 | 726,780 | 725,493 |

The Company has one class of ordinary shares which carries no right to fixed income and has no par value.

Options to subscribe for the Company's ordinary shares may be granted to executives of the Company under the Hotel Properties Employee Share Option Scheme 2010 ("Scheme 2010"). The scheme is administered by the Remuneration Committee. The exercise price of the granted options is determined based on the average last business done price for the shares of the Company for the five market days preceding the date of grant. The Remuneration Committee may at its discretion fix the exercise price at a discount not exceeding 20% to the above price. The vesting period is 2 years for options granted at a discounted exercise price, and 1 year for options granted without discount. The share options have a validity period of 10 years from the date of grant, unless they have been forfeited prior to that date.

## 24. SHARE CAPITAL AND OPTIONS (CONT'D)

Details of the share options outstanding during the year are as follows:

| | Group and Company | | | |
|---|---|---|---|---|
| | 2022 | | 2021 | |
| | Number of share options | Weighted average exercise price $ | Number of share options | Weighted average exercise price $ |
| Outstanding at the beginning of the year | 18,900,000 | 3.04 | 18,900,000 | 3.04 |
| Exercised during the year | (325,000) | 3.22 | - | - |
| Cancelled during the year | (200,000) | 3.02 | - | - |
| Outstanding at the end of the year | 18,375,000 | 3.03 | 18,900,000 | 3.04 |
| Exercisable at the end of the year | 18,375,000 | 3.03 | 18,900,000 | 3.04 |

The weighted average market price at the date of exercise for share options exercised during the year was $3.53 (2021: Nil). The options outstanding at the end of the year have a weighted average remaining contractual life of 3.6 (2021: 4.6) years.

The Company also has a Hotel Properties Limited Performance Share Plan that is administered by the Remuneration Committee. Fully paid shares are awarded to participants taking into consideration certain performance criteria and vesting period. There are no award of performance shares under the Performance Share Plan as at the beginning and end of the year.

The Group recognised total expenses of $323,000 related to equity-settled share-based payment transactions during the previous financial year.

## 25. TREASURY SHARES

| | Group and Company | | | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | Number of ordinary shares | | $'000 | $'000 |
| At beginning and end of the year | 515,300 | 515,300 | 1,746 | 1,746 |

The Company acquired its own shares through purchases on the Singapore Exchange and the total amount paid to acquire the shares had been deducted from shareholders' equity. The shares are held as treasury shares. The Company intends to reissue these shares to executives under the share option and performance share plans.





## 26. OTHER RESERVES

| | Exchange fluctuation reserve $'000 | Hedge reserve $'000 | Option reserve $'000 | Other capital reserve $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Balance as at January 1, 2021 | 8,423 | (778) | 10,700 | (25,773) | (7,428) |
| Total comprehensive income (loss) for the year | (19,204) | 778 | - | (13) | (18,439) |
| Recognition of share-based payments | - | - | 323 | - | 323 |
| Balance as at December 31, 2021 | (10,781) | - | 11,023 | (25,786) | (25,544) |
| Total comprehensive loss for the year | (67,179) | (18,061) | - | (2,672) | (87,912) |
| Other movements during the year | - | (121) | (95) | - | (216) |
| Issue of shares | - | - | (240) | - | (240) |
| Balance as at December 31, 2022 | (77,960) | (18,182) | 10,688 | (28,458) | (113,912) |

| | Hedge reserve $'000 | Option reserve $'000 | Total $'000 |
|---|---|---|---|
| **Company** | | | |
| Balance as at January 1, 2021 | (778) | 10,700 | 9,922 |
| Total comprehensive income for the year | 778 | - | 778 |
| Recognition of share-based payments | - | 323 | 323 |
| Balance as at December 31, 2021 | - | 11,023 | 11,023 |
| Net movement during the year | - | (95) | (95) |
| Issue of shares | - | (240) | (240) |
| Balance as at December 31, 2022 | - | 10,688 | 10,688 |

Hedge reserve records the fair value changes on the derivative financial instruments and certain bank borrowings designated as hedging instruments in cash flow and net investment hedges that are determined to be an effective hedge.

Option reserve represents the equity-settled share options and performance shares granted to employees. The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options and performance shares. The expense for services received will be recognised over the vesting period.

The exchange fluctuation reserve is used to record foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from that of the Group's presentation currency and exchange differences arising from translation of monetary items that form part of a net investment in a foreign entity.

Other capital reserves include the cumulative fair value changes of financial assets at FVTOCI until they are derecognised, as well as reserve on consolidation which represents the difference between the fair value of the consideration paid and the amount by which the non-controlling interest are reduced during the acquisition of additional interests from non-controlling shareholders.

**27. PERPETUAL CAPITAL SECURITIES**

The Company issued $150 million in aggregate principal amount of 4.650% perpetual capital securities on May 5, 2017 and $160 million in aggregate principal amount of 4.40% perpetual capital securities on October 22, 2019. The securities are recorded at the proceeds received, net of direct issue costs.

The Company exercised the option to redeem in full the $150 million perpetual capital securities on May 5, 2022 (the "First Reset Date") in accordance with the conditions of the securities.

The $160 million securities are perpetual and confer a right to receive distribution payments. Such distributions are payable semi-annually in arrear unless the Company, at its sole discretion, elect to defer any distribution in accordance with the conditions of the securities. The rate of distribution applicable from October 22, 2019 to October 22, 2024 (the "First Reset Date") is 4.40% per annum; from the First Reset Date to October 22, 2029 (the "Step-Up Date") at the applicable Reset Distribution Rate as defined in the conditions of the securities; and from the Step-Up Date to each subsequent reset date occurring on each date falling every five years after the Step-Up Date with each such date, a "Reset Date", the applicable Reset Distribution Rate as defined in the conditions of the securities.

The securities constitute direct, unsecured and subordinated obligations of the Company and rank *pari passu* and without any preference or priority among themselves. The securities may be redeemed at the option of the Company on October 22, 2024, or on any distribution payment date thereafter and otherwise upon the occurrence of certain redemption events specified in the conditions of the securities.

**28. REVENUE**

| | Group | |
|---|---|---|
| | **2022 $'000** | **2021 $'000** |
| Hotel revenue | 501,092 | 320,622 |
| Rental income | 21,967 | 21,796 |
| Management fee | 2,448 | 1,803 |
| Total | 525,507 | 344,221 |





**29. PROFIT (LOSS) BEFORE INCOME TAX**

This is determined after charging (crediting):

| | Group | |
|---|---|---|
| | **2022 $'000** | **2021 $'000** |
| Staff costs (including share-based payments), net of government grant | 154,921 | 108,207 |
| Cost of defined contribution plans included in staff costs | 7,950 | 6,688 |
| Cost of inventories recognised as expense | 38,289 | 28,298 |
| Depreciation and amortisation | 76,554 | 79,599 |
| Finance costs on lease liabilities | 13,181 | 11,657 |
| Audit fees paid to auditors: | | |
| Auditors of the Company | 529 | 541 |
| Other auditors | 605 | 590 |
| Non-audit fees paid to auditors: | | |
| Auditors of the Company | 58 | 68 |
| Other auditors | 62 | 95 |
| Loss allowance for trade receivables^ | 232 | 220 |
| Net foreign exchange (gain) loss^ | (985) | 3,638 |
| Net fair value loss in held-for-trading investments^ | 75 | 315 |
| Net fair value loss (gain) in investments^ | 17,329 | (45,115) |
| Net (gain) loss on disposal of property, plant and equipment^ | (187) | 24 |
| Interest income^ | (1,437) | (964) |
| Dividend income^ | (2,763) | (4,610) |

^ These are included in other operating (income) expenses.

The Group received wage support for local employees under the Jobs Support Scheme ("JSS") from the Singapore Government in 2022 and 2021, as part of the Government's measures to support businesses during the period of economic uncertainty impacted by COVID-19. The Group assessed that there is reasonable assurance that it will comply with the conditions attached to the grants. Government grant income of $1.2 million (2021: $8.9 million) was recognised in profit or loss against Staff costs during the year, on a systematic basis over the period of uncertainty in which the related salary costs for which the grant is intended to compensate is recognised as expenses. Management has determined the period of uncertainty to be 24 months commencing from April 2020.

## 30. INCOME TAX EXPENSE

| | Group | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| Current tax | 7,077 | 4,574 |
| Deferred tax (Note 22) | 4,458 | (2,418) |
| | 11,535 | 2,156 |
| (Over) Under provision in prior years | (1,490) | 39 |
| Over provision of tax in respect of prior years on share of profits from partnership classified as jointly controlled entity | - | (1,733) |
| | 10,045 | 462 |

The income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% (2021: 17%) to profit before income tax and share of results of associates and jointly controlled entities as a result of the following differences:

| | Group | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| Profit before income tax and share of results of associates and jointly controlled entities | 42,316 | 3,723 |
| Tax expense calculated at a tax rate of 17% (2021: 17%) | 7,194 | 633 |
| Non-deductible (Non-taxable) items (net) | 1,337 | (4,047) |
| Tax exemption | (175) | (36) |
| Utilisation of unabsorbed tax losses and capital allowances brought forward | (2,525) | (65) |
| Deferred tax asset on tax losses arising during the year not recorded | 5,108 | 8,685 |
| Effect of different tax rate of overseas operations | 596 | (3,014) |
| | 11,535 | 2,156 |
| Effective tax rate | 27.3% | 57.9% |

Subject to the agreement with the relevant tax authorities and compliance with certain conditions of the relevant tax legislations, in the respective countries in which the subsidiaries operate, the Group has unrecognised tax losses and capital allowances totaling approximately $166,847,000 and $9,470,000 (2021: $168,402,000 and $11,702,000) respectively which are available for set off against future taxable income of the respective subsidiaries. No deferred tax asset has been recognised in respect of these due to unpredictability of future profit stream. Tax losses approximating $140,499,000 (2021: $137,383,000) will expire within the next 5 years.



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## 31. EARNINGS (LOSS) PER SHARE

The calculation of basic earnings (loss) per share is based on the Group net profit (loss) attributable to owners of the Company after deducting provision for distribution to perpetual capital securities holders divided by the weighted average number of ordinary shares in issue (excluding treasury shares) during the year.

Diluted earnings (loss) per share is based on Group earnings (loss) and adjusted weighted average number of ordinary shares (excluding treasury shares) to reflect the effect of all potentially dilutive ordinary shares, assuming the full exercise of outstanding share options and release of performance shares during the year.

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Profit (Loss) attributable to owners of the Company less distribution to perpetual capital securities holders | 65,909 | (21,706) |
| Adjusted profit (loss) attributable to owners of the Company less distribution to perpetual capital securities holders | 65,960 | (21,706) |

| | No. of shares ('000) | No. of shares ('000) |
|---|---|---|
| Weighted average number of ordinary shares used to compute basic earnings (loss) per share (excluding treasury shares) | 521,189 | 520,975 |
| Adjustment for potential dilutive ordinary shares | 499 | 120 |
| Weighted average number of ordinary shares used to compute diluted earnings (loss) per share (excluding treasury shares) | 521,688 | 521,095 |
| Basic earnings (loss) per share | 12.65 cents | (4.17 cents) |
| Diluted earnings (loss) per share | 12.64 cents | (4.17 cents) |

## 32. DIVIDENDS

In 2021, the Company declared and paid a first and final one-tier tax exempt dividend of 4 cents per ordinary share of the Company, totaling $20,839,000 in respect of the financial year ended December 31, 2020.

In 2022, the Company declared and paid a first and final one-tier tax exempt dividend of 4 cents per ordinary share of the Company, totaling $20,852,000 in respect of the financial year ended December 31, 2021.

Subsequent to December 31, 2022, the directors of the Company recommended that a first and final one-tier tax exempt dividend be paid at 4 cents per ordinary share of the Company, and a one-tier tax exempt special dividend be paid at 1 cent per ordinary share of the Company, totaling $26,065,000 for the financial year ended December 31, 2022, based on the number of issued shares (excluding treasury shares) as at year end. The proposed dividends are not accrued as a liability for the current financial year in accordance with SFRS(I) 1-10 – *Events After The Reporting Period*.

## 33. CAPITAL COMMITMENTS

As at the end of the financial year, the Group has capital commitments contracted but not provided for in the financial statements in respect of the following:

| | Group | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| Capital expenditure | 34,865 | 25,647 |
| Associates, jointly controlled entities and other investments | 278,068 | 604,794 |

## 34. OPERATING LEASE COMMITMENTS

**The Group as lessor**

Operating leases, in which the Group is the lessor, relate to investment properties and certain property, plant and equipment owned by the group with lease terms of between 1 to 3.5 years, with 3 years extension option for selected leases. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have an option to purchase the property at the expiry of the lease period.

Maturity analysis of operating lease payments:

| | Group | |
|---|---|---|
| | 2022 $'000 | 2021 $'000 |
| Year 1 | 26,074 | 24,264 |
| Year 2 | 17,728 | 14,173 |
| Year 3 | 8,295 | 7,524 |
| Year 4 | 370 | 1,437 |
| Total | 52,467 | 47,398 |





## 35. SEGMENT INFORMATION

a) The segment information of the Group is organised into the following reportable segments:

**Hotels**

These refer mainly to the operations of the hotels and the shopping galleries of the Group as well as the provision of hotel management services. Income is derived mainly from the rental of rooms and shop units, sale of food and beverage and management fee.

**Properties**

These refer to the rental and sale operations on residential properties and commercial units. Sales and profit from the condominium development projects in Singapore are recognised based on percentage of completion method, and those from overseas projects are recognised based on completion of construction method.

**Others**

These refer to distribution and retail operations, activities on quoted and unquoted investments and others.

b) The following segment information is prepared on the same basis as the Group's accounting policies described in Note 2:

i) Segment revenue and expenses are revenue and expenses reported in the Group's income statement that either are directly attributable to a segment or can be allocated on a reasonable basis to a segment.

ii) Segment revenue and expenses include transfers between business segments. Inter-segment sales are charged at cost plus a percentage profit mark-up. These transfers are eliminated on consolidation. Share of results of associates and jointly controlled entities are allocated as they are specifically attributable to a segment.

iii) Segment assets are all operating assets that are employed by a segment in its operating activities and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets exclude interest-producing assets. Investments in associates and jointly controlled entities are included as segment assets of the Group.

iv) Segment liabilities are all operating liabilities of a segment and are either directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment liabilities exclude interest-bearing liabilities and income tax liabilities.

v) Segment revenue and non-current assets are analysed based on the location of those assets.

## 35. SEGMENT INFORMATION (CONT'D)

c) Information by business segment:

| Group | Hotels 2022 $'000 | Hotels 2021 $'000 | Properties 2022 $'000 | Properties 2021 $'000 | Others 2022 $'000 | Others 2021 $'000 | Elimination 2022 $'000 | Elimination 2021 $'000 | Consolidation 2022 $'000 | Consolidation 2021 $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUE** | | | | | | | | | | |
| External sales | 502,865 | 321,781 | 22,636 | 22,434 | 6 | 6 | - | - | 525,507 | 344,221 |
| Inter-segment sales | - | - | 335 | 335 | - | - | (335) | (335) | - | - |
| **Total revenue** | 502,865 | 321,781 | 22,971 | 22,769 | 6 | 6 | (335) | (335) | 525,507 | 344,221 |
| **RESULTS** | | | | | | | | | | |
| Profit (Loss) before interest, tax and fair value changes in investment properties | 37,539 | (21,636) | (103) | 6,485 | (14,952) | 49,043 | - | - | 22,484 | 33,892 |
| Segment results | 37,539 | (21,636) | (103) | 6,485 | (14,952) | 49,043 | - | - | 22,484 | 33,892 |
| Finance costs | | | | | | | | | (59,434) | (34,737) |
| Interest income | | | | | | | | | 1,437 | 964 |
| Share of results of equity accounted investees | 21,286 | (11,103) | 17,486 | 4,310 | (455) | (2,191) | - | - | 38,317 | (8,984) |
| Fair value changes in investment properties | - | - | 77,829 | 3,604 | - | - | - | - | 77,829 | 3,604 |
| Income tax expense | | | | | | | | | (10,045) | (462) |
| Non-controlling interests | | | | | | | | | 5,820 | (1,968) |
| **Net profit (loss)** | | | | | | | | | 76,408 | (7,691) |
| **OTHER INFORMATION** | | | | | | | | | | |
| Segment assets | 1,754,239 | 1,707,558 | 818,531 | 741,749 | 252,729 | 276,027 | - | - | 2,825,499 | 2,725,334 |
| Investment in equity accounted investees | 240,786 | 316,820 | 720,769 | 475,684 | 256 | 452 | - | - | 961,811 | 792,956 |
| Unallocated corporate assets | | | | | | | | | 50,165 | 29,244 |
| **Consolidated total assets** | | | | | | | | | 3,837,475 | 3,547,534 |





## 35. SEGMENT INFORMATION (CONT'D)

c) Information by business segment (cont'd):

| Group | Hotels 2022 $'000 | Hotels 2021 $'000 | Properties 2022 $'000 | Properties 2021 $'000 | Others 2022 $'000 | Others 2021 $'000 | Elimination 2022 $'000 | Elimination 2021 $'000 | Consolidation 2022 $'000 | Consolidation 2021 $'000 |
|---|---|---|---|---|---|---|---|---|---|---|
| Segment liabilities | 262,224 | 205,915 | 8,625 | 8,411 | 1,129 | 3,905 | - | - | 271,978 | 218,231 |
| Unallocated corporate liabilities | | | | | | | | | 1,602,567 | 1,238,162 |
| **Consolidated total liabilities** | | | | | | | | | 1,874,545 | 1,456,393 |
| Additions to non-current assets (excluding fair value changes) | 159,062 | 149,688 | 319,272 | 70,122 | 1,750 | 7,434 | - | - | 480,084 | 227,244 |
| Depreciation and amortisation | 75,767 | 78,855 | 787 | 744 | - | - | - | - | 76,554 | 79,599 |
| Non-cash expenses (income) other than depreciation, amortisation and impairment loss | (1,175) | 3,475 | 473 | 435 | 17,225 | (44,828) | - | - | 16,523 | (40,918) |

d) Information by geographic regions:

| Group | Revenue 2022 $'000 | Revenue 2021 $'000 | Non-current assets 2022 $'000 | Non-current assets 2021 $'000 |
|---|---|---|---|---|
| Singapore | 160,329 | 90,641 | 1,380,223 | 1,157,873 |
| The Maldives | 227,831 | 214,451 | 644,258 | 567,742 |
| The rest of Asia | 112,689 | 25,856 | 587,411 | 636,250 |
| United Kingdom and Europe | 674 | 645 | 514,243 | 510,462 |
| Others | 23,984 | 12,628 | 112,081 | 120,053 |
| | 525,507 | 344,221 | 3,238,216 | 2,992,380 |

Others consist of mainly U.S.A., Australasia and Africa.

## 36. SUBSIDIARIES

Information relating to subsidiaries is as follows:

| Subsidiary | Principal Activity | Country of Incorporation / Place of Business | Group's Effective Interest 2022 % | Group's Effective Interest 2021 % |
|---|---|---|---|---|
| **Held by the Company** | | | | |
| Cleaton Investments Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL Hotels & Resorts Pte Ltd | Hotel management and investment holding company | Singapore | 100 | 100 |
| HPL Investment & Development Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL Leisure Holdings Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL Orchard Place Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL Properties Pte Ltd | Property development, hotelier and investment holding company | Singapore | 100 | 100 |
| HPL Properties (Australasia) Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL Properties (Indian Ocean) Pte Ltd | Investment holding company | Singapore | 70 | 70 |
| HPL Properties (Pacific Ocean) Pte Ltd | Investment holding company | Singapore | 70 | 70 |
| HPL Properties (SEA) Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL Properties (West) Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL Properties (West Asia) Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL Singapore Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL Tourism & Leisure Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Luxury Holdings Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Maxford Investments Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Super Vista Sdn Bhd (1) | Hotelier | Malaysia | 100 | 100 |
| Tiga Stars Pte Ltd | Investment holding company | Singapore | 70 | 70 |





## 36. SUBSIDIARIES (CONT'D)

| Subsidiary | Principal Activity | Country of Incorporation / Place of Business | Group's Effective Interest 2022 % | Group's Effective Interest 2021 % |
|---|---|---|---|---|
| **Held by subsidiaries of the Company** | | | | |
| 21st Century Holding Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Allegro Investments Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Amberwood Investments Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Asia Hotel Growth Fund (1) | Investment holding company | Thailand | 100 | 100 |
| Astrid Holdings Co., Ltd (1) | Investment holding company | Thailand | 49** | 49** |
| Bayford Investments Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Baywood Investments Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Belitung Investments Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Berkley Investments Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Boathouse Holding Co., Ltd (1) | Investment holding company | Thailand | 49** | 49** |
| Boathouse Kata Co., Ltd (1) | Hotelier | Thailand | 74 | 74 |
| Campden Hill Investment LLP (1) | Investment holding company | United Kingdom | 100 | 100 |
| Chatsworth Development Management Pte Ltd | Project management company | Singapore | 100 | 100 |
| Clearwater Island Resorts Sdn Bhd (1) | Hotelier | Malaysia | 100 | 100 |
| Concorde Hotel Management Inc. (7) | Investment holding company | U.S.A. | 100 | 100 |
| Concorde Hotel New York Inc. (7) | Investment holding company | U.S.A. | 100 | 100 |
| Concorde Hotels & Resorts (Malaysia) Sdn Bhd (1) | Hotel management | Malaysia | 100 | 100 |
| Coralbell Pty Ltd (7) | Investment holding company | Australia | 100 | 100 |
| East Phuket Holdings Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Eastpoint Investments Limited (1) | Investment holding company | United Kingdom | 100 | 100 |
| Hermill Investments Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Hotel Holdings USA Inc (5) | Investment holding company | U.S.A. | 100 | 100 |
| Hotel Properties Lanka Investments (Private) Limited (2) | Investment holding company | Sri Lanka | 100 | 100 |

## 36. SUBSIDIARIES (CONT'D)

| Subsidiary | Principal Activity | Country of Incorporation / Place of Business | Group's Effective Interest 2022 % | Group's Effective Interest 2021 % |
|---|---|---|---|---|
| **Held by subsidiaries of the Company** | | | | |
| HPL (Croatia) Limited | Investment holding company | United Kingdom | 100 | 100 |
| HPL (Campden) Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL (Eaton) Ltd (1) | Dormant | United Kingdom | 100 | 100 |
| HPL (Europe) Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL Gateway Investments Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL Hotels Pty Ltd (7) | Provision of administrative services | Australia | 100 | 100 |
| HPL Investers Pte Ltd | Trading in quoted investments and share dealing | Singapore | 100 | 100 |
| HPL (Kensington) Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL (Mayfair) Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL (Osaka) Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL (Paddington) Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL Properties Management Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL Properties (North Asia) Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL Resorts (Maldives) Private Limited (2) | Hotelier and investment holding company | Maldives | 70 | 70 |
| HPL Retail Pte Ltd | Trading in quoted investments and investment holding company | Singapore | 100 | 100 |
| HPL Services Pte Ltd | Privilege card services operations and investment holding company | Singapore | 100 | 100 |
| HPL (Southbank) Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL Tulip Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL Tulip Holdings Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| HPL (UK) Limited (1) | Provisions of information and services | United Kingdom | 100 | 100 |
| HPL (Whitechapel) Pte Ltd | Investment holding company | Singapore | 100 | 100 |





## 36. SUBSIDIARIES (CONT'D)

| Subsidiary | Principal Activity | Country of Incorporation / Place of Business | Group's Effective Interest 2022 % | Group's Effective Interest 2021 % |
|---|---|---|---|---|
| **Held by subsidiaries of the Company** | | | | |
| HRH Merchandise (M) Sdn Bhd (1) | Retailer | Malaysia | 100 | 100 |
| Kata Boathouse Holdings Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Kupari Luxury Hotels d.o.o. # (7) | Provision of tourist services | Croatia | 90 | # |
| Laem Ka Properties Co. Ltd (3) | Hotelier and property developer | Thailand | 90 | 90 |
| Landaa Giraavaru Private Limited (2) | Hotelier | Hong Kong / Maldives | 70 | 70 |
| Landeal Properties Pte Ltd | Dormant | Singapore | 100 | 100 |
| Leisure Beach Private Limited (2) | Developer and hotelier | Maldives | 70 | 70 |
| Leisure Development Koror Inc. | Hotel development | Palau | 70 | 70 |
| Leisure Frontiers Private Limited (2) | Hotelier | Maldives | 70 | 70 |
| Leisure Holidays Private Limited (2) | Developer and hotelier | Maldives | 70 | 70 |
| Leisure Horizons Private Limited (2) | Developer and hotelier | Maldives | 70 | 70 |
| Leisure Oceans Private Limited (2) | Hotelier | Maldives | 70 | 70 |
| Leisure Sands Private Limited * (2) | Hotelier | Maldives | 70 | - |
| Luxury Complex Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Luxury Hotels (1989) Pte Ltd | Hotelier | Singapore | 100 | 100 |
| Luxury Properties Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| McMing Investments Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| McShope Investments Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Minwyn Investments Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Moonstone Investments Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Naka Yai Holdings Co. Limited (1) | Investment holding company | Thailand | 49** | 49** |
| Naka Yai Hotel Co. Limited (1) | Hotelier | Thailand | 74 | 74 |
| Naka Yai Land Co. Limited (1) | Hotelier | Thailand | 74 | 74 |
| NYC 55., Corp. (4) | Hotelier | U.S.A. | 100 | 100 |
| Palmco Hotels Sdn Bhd (1) | Hotelier | Malaysia | 100 | 100 |

## 36. SUBSIDIARIES (CONT'D)

| Subsidiary | Principal Activity | Country of Incorporation / Place of Business | Group's Effective Interest 2022 % | Group's Effective Interest 2021 % |
|---|---|---|---|---|
| **Held by subsidiaries of the Company** | | | | |
| Pebble Bay (Thailand) Co. Ltd (3) | Property development | Thailand | 74 | 74 |
| PT Amanda Arumdhani (1) | Hotelier | Indonesia | 100 | 100 |
| PT Amanda Citra (7) | Dormant | Indonesia | 100 | 100 |
| PT Amanda Natha (1) | Hotelier | Indonesia | 100 | 100 |
| PT Amanda Pramudita (1) | Hotelier | Indonesia | 100 | 100 |
| PT Amanda Surya (7) | Investment holding company | Indonesia | 100 | 100 |
| PT Bali Girikencana (1) | Hotelier | Indonesia | 100 | 100 |
| Quin Properties Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Seaside Hotel (Thailand) Co. Ltd (1) | Hotelier | Thailand | 74 | 74 |
| Seaside Properties (Thailand) Co. Ltd (3) | Hotelier | Thailand | 74 | 74 |
| South West Pacific Investments Limited (6) | Hotelier | Vanuatu | 100 | 100 |
| Sovereign Builders & Development Sdn Bhd (1) | Investment holding company | Malaysia | 100 | 100 |
| Straits Realty Co. Ltd (1) | Investment holding company | Thailand | 74 | 74 |
| Supreme Prospects Sdn Bhd (1) | Hotelier | Malaysia | 100 | 100 |
| Suseem Pty Ltd (7) | Dormant | Australia | 100 | 100 |
| Tangalla Bay Hotels Private Limited (2) | Hotelier | Sri Lanka | 48** | 48** |
| The Island Development Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Travel Bug Touring Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Weligama Hotel Properties Ltd (2) | Hotelier | Sri Lanka | 49** | 49** |
| Wesclove Investments Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Xspand Investments Pte Ltd | Investment holding company | Singapore | 100 | 100 |
| Yarra Investments Pte Ltd | Property development and investment holding company | Singapore | 100 | 100 |





## 36. SUBSIDIARIES (CONT'D)

All companies are audited by Deloitte & Touche LLP, Singapore except for the following:

(1) Audited by overseas practices of Deloitte Touche Tohmatsu Limited
(2) Audited by overseas practices of KPMG International
(3) Audited by overseas practices of Ernst & Young
(4) Audited by overseas practices of BDO International Limited
(5) Audited by Cohen & Schaeffer P.C.
(6) Audited by Barrett & Partners
(7) Not required to be audited by law in country of incorporation and subsidiary not considered material.

* Acquired during the financial year.

\# This company was reclassified from a jointly-controlled entity due to additional equity interest acquired during the financial year.

** This company is considered a subsidiary as the Group is exposed, or has rights, to variable returns from its involvement with the company and has the ability to affect those returns through its power over the company.

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

| Name of subsidiary | Place of incorporation and principal place of business | Proportion of ownership interests and voting rights held by non-controlling interests 2022 | Proportion of ownership interests and voting rights held by non-controlling interests 2021 | Profit (Loss) allocated to non-controlling interests 2022 $'000 | Profit (Loss) allocated to non-controlling interests 2021 $'000 | Accumulated non-controlling interests 2022 $'000 | Accumulated non-controlling interests 2021 $'000 |
|---|---|---|---|---|---|---|---|
| HPL Resorts (Maldives) Private Limited | Maldives | 30% | 30% | (3,945) | 4,941 | 72,876 | 76,784 |
| Tiga Stars Pte Ltd | Singapore | 30% | 30% | (234) | - | 70,326 | - |
| Individually immaterial subsidiaries with non-controlling interests | | | | (1,641) | (2,973) | 12,658 | 14,102 |
| Total | | | | (5,820) | 1,968 | 155,860 | 90,886 |

**36. SUBSIDIARIES (CONT'D)**

Summarised financial information in respect of HPL Resorts (Maldives) Private Limited and its subsidiaries is set out below:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Current assets | 57,541 | 63,937 |
| Non-current assets | 687,230 | 609,783 |
| Current liabilities | (94,668) | (68,472) |
| Non-current liabilities | (407,139) | (349,259) |
| Equity attributable to owners of the Company | 170,088 | 179,205 |
| Non-controlling interests | 72,876 | 76,784 |
| Revenue | 227,830 | 214,451 |
| Expenses | (240,980) | (197,979) |
| (Loss) Profit for the year | (13,150) | 16,472 |
| (Loss) Profit attributable to owners of the Company | (9,205) | 11,531 |
| (Loss) Profit attributable to the non-controlling interests | (3,945) | 4,941 |
| (Loss) Profit for the year | (13,150) | 16,472 |
| Other comprehensive (loss) income attributable to owners of the Company | (809) | 3,601 |
| Other comprehensive (loss) income attributable to the non-controlling interests | (147) | 862 |
| Other comprehensive (loss) income for the year | (956) | 4,463 |
| Total comprehensive (loss) income attributable to owners of the Company | (10,014) | 15,132 |
| Total comprehensive (loss) income attributable to the non-controlling interests | (4,092) | 5,803 |
| Total comprehensive (loss) income for the year | (14,106) | 20,935 |
| Net cash inflow from operating activities | 53,682 | 70,288 |
| Net cash outflow from investing activities | (122,496) | (100,206) |
| Net cash inflow from financing activities | 62,994 | 26,656 |
| Net cash outflow | (5,820) | (3,262) |





**36. SUBSIDIARIES (CONT'D)**

Summarised financial information in respect of Tiga Stars Pte Ltd is set out below:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Non-current assets | 234,419 | * |
| Current liabilities | - | * |
| Equity attributable to owners of the Company | 164,093 | * |
| Non-controlling interests | 70,326 | * |
| Expenses | (781) | - |
| Loss for the year | (781) | - |
| Loss attributable to owners of the Company | (547) | - |
| Loss attributable to the non-controlling interests | (234) | - |
| Loss for the year | (781) | - |
| Other comprehensive loss attributable to owners of the Company | (13,164) | - |
| Other comprehensive loss attributable to the non-controlling interests | (5,642) | - |
| Other comprehensive loss for the year | (18,806) | - |
| Total comprehensive loss attributable to owners of the Company | (13,711) | - |
| Total comprehensive loss attributable to the non-controlling interests | (5,876) | - |
| Total comprehensive loss for the year | (19,587) | - |
| Net cash outflow from investing activities | (254,005) | * |
| Net cash inflow from financing activities | 254,005 | * |
| Net cash outflow | - | - |

* Less than $1,000.

## 37. ASSOCIATES

Information relating to significant associates is as follows:

| Associate | Principal Activity | Country of Incorporation / Place of Business | Group's Effective Interest 2022 % | Group's Effective Interest 2021 % |
|---|---|---|---|---|
| Bankside Quarter (Jersey) Limited [(2)] | Investment holding company | Jersey | 30 | 30 |
| Leisure Ventures Pte Ltd [(1)] | Investment holding company | Singapore | 50 | 50 |

(1) Audited by Deloitte & Touche LLP, Singapore.

(2) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with SFRS(I)s adjusted by the Group for equity accounting purposes.

**Bankside Quarter (Jersey) Limited and its subsidiaries**

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Current assets | 1,248,154 | 1,236,012 |
| Current liabilities | (109,659) | (24,321) |
| Non-current liabilities | (895,357) | (935,201) |
| Revenue | 316 | - |
| Loss for the year | (1,990) | (258) |
| Other comprehensive (loss) income for the year | (30,823) | 3,327 |
| Total comprehensive (loss) income for the year | (32,813) | 3,069 |

Reconciliation of the above summarised financial information to the carrying amount of the interest in Bankside Quarter (Jersey) Limited and its subsidiaries recognised in the consolidated financial statements:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Net assets of Bankside Quarter (Jersey) Limited and its subsidiaries | 243,138 | 276,490 |
| Proportion of the Group's ownership interest | 30% | 30% |
| Intercompany eliminations | (29,239) | (16,160) |
| Shareholder's advances | 121,731 | 103,392 |
| Carrying amount of the Group's interest | 165,433 | 170,179 |





## 37. ASSOCIATES (CONT'D)

**Leisure Ventures Pte Ltd and its subsidiaries**

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Current assets | 29,241 | 22,981 |
| Non-current assets | 315,618 | 338,958 |
| Current liabilities | (78,714) | (72,092) |
| Non-current liabilities | (86,583) | (97,981) |
| Revenue | 69,536 | 44,817 |
| Loss for the year | (8,742) | (18,242) |
| Other comprehensive loss for the year | (7,678) | (8,690) |
| Total comprehensive loss for the year | (16,420) | (26,932) |

Reconciliation of the above summarised financial information to the carrying amount of the interest in Leisure Ventures Pte Ltd and its subsidiaries recognised in the consolidated financial statements:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Net assets of Leisure Ventures Pte Ltd and its subsidiaries | 179,562 | 191,866 |
| Proportion of the Group's ownership interest | 50% | 50% |
| Carrying amount of the Group's interest | 89,781 | 95,933 |

**Aggregate information of associates that are not individually material**

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| The Group's share of profit (loss) | 1,881 | (4,241) |
| The Group's share of other comprehensive loss | (3,047) | (280) |
| The Group's share of total comprehensive loss | (1,166) | (4,521) |
| Aggregate carrying amount of the Group's interests in these associates | 86,671 | 84,100 |

**38. JOINTLY CONTROLLED ENTITIES**

Information relating to significant jointly controlled entities is as follows:

| Jointly Controlled Entity | Principal Activity | Country of Incorporation / Place of Business | Group's Interest 2022 % | Group's Interest 2021 % |
|---|---|---|---|---|
| Cuscaden Peak Pte Ltd [2] | Investment holding company | Singapore | 18.5 | - |
| Great Western Enterprises Ltd [1] | Investment holding company | Jersey | 70 | 70 |

(1) Audited by overseas practices of Deloitte Touche Tohmatsu Limited.

(2) Audited by KPMG LLP, Singapore.

Summarised financial information in respect of each of the Group's material jointly controlled entities is set out below. The summarised financial information below represents amounts shown in the jointly controlled entity's financial statements prepared in accordance with SFRS(I)s adjusted by the Group for equity accounting purposes.

**Cuscaden Peak Pte Ltd and its subsidiaries**

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Current assets | 907,137 | - |
| Non-current assets | 7,674,005 | - |
| Current liabilities | (1,123,622) | - |
| Non-current liabilities | (7,562,393) | - |
| The above amounts of assets and liabilities include the following: | | |
| Cash and cash equivalents | 432,208 | - |
| Current financial liabilities (excluding trade and other payables and provisions) | (799,544) | - |
| Non-current financial liabilities (excluding trade and other payables and provisions) | (4,720,818) | - |
| Revenue | 307,524 | - |
| Loss for the year | (4,222) | - |
| Other comprehensive loss for the year | (101,649) | - |
| Total comprehensive loss for the year | (105,871) | - |
| The above loss for the year include the following: | | |
| Finance costs | (98,789) | - |





**38. JOINTLY CONTROLLED ENTITIES (CONT'D)**

Reconciliation of the above summarised financial information to the carrying amount of the interest in Cuscaden Peak Pte Ltd and its subsidiaries recognised in the consolidated financial statements:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Net liabilities of Cuscaden Peak Pte Ltd and its subsidiaries | (104,873) | - |
| Proportion of the Group's ownership interest | 18.5% | - |
| Shareholder's advances | 253,820 | - |
| Carrying amount of the Group's interest | 234,418 | - |

**Great Western Enterprises Ltd and its subsidiary**

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Current assets | 83,436 | 983,205 |
| Non-current assets | 1,038,635 | - |
| Current liabilities | (670,867) | (12,517) |
| Non-current liabilities | (140,558) | (645,965) |
| The above amounts of assets and liabilities include the following: | | |
| Cash and cash equivalents | 26,561 | 19,615 |
| Current financial liabilities (excluding trade and other payables and provisions) | (637,241) | - |
| Non-current financial liabilities (excluding trade and other payables and provisions) | (140,558) | (645,965) |
| Revenue | 1,284 | - |
| Profit (Loss) for the year | 23,871 | (567) |
| Other comprehensive (loss) income for the year | (37,396) | 3,913 |
| Total comprehensive (loss) income for the year | (13,525) | 3,346 |
| The above profit (loss) for the year include the following: | | |
| Finance costs | (1,998) | - |

Reconciliation of the above summarised financial information to the carrying amount of the interest in Great Western Enterprises Ltd and its subsidiary recognised in the consolidated financial statements:

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| Net assets of Great Western Enterprises Ltd and its subsidiary | 310,646 | 324,723 |
| Proportion of the Group's ownership interest | 70% | 70% |
| Intercompany eliminations | (35,991) | (30,842) |
| Shareholder's advances | 98,389 | 64,401 |
| Carrying amount of the Group's interest | 279,850 | 260,865 |

**38. JOINTLY CONTROLLED ENTITIES (CONT'D)**

**Aggregate information of jointly controlled entities that are not individually material**

| | 2022 $'000 | 2021 $'000 |
|---|---|---|
| The Group's share of profit for the year | 25,475 | 4,852 |
| The Group's share of other comprehensive income (loss) for the year | 472 | (1,671) |
| The Group's share of total comprehensive profit for the year | 25,947 | 3,181 |
| Aggregate carrying amount of the Group's interests in these jointly controlled entities | 56,521 | 79,045 |

**39. SUBSEQUENT EVENT**

On March 9, 2023, the Company issued $125,000,000 in aggregate principal amount of 5.25% notes due 2028. The notes bear interest at a fixed rate of 5.25% per annum.



ADDITIONAL
INFORMATION

The Corporate Governance Report describes Hotel Properties Limited's ("HPL") corporate governance practices and structures that were in place during the financial year ended December 31, 2022 ("FY2022"), with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "2018 Code"), and as applicable, the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and the Singapore Companies Act 1967. This report is divided into four main sections, namely:

(1) Board Responsibilities
(2) Board Affairs
(3) Accountability and Audit
(4) Shareholder and Stakeholder Engagement

**BOARD RESPONSIBILITIES**

**Board Composition & Guidance**

*Principle 2: Board Composition and Guidance*

*Principle 4: Board Membership*

For FY2022, the Board comprised 7 Directors of whom, 3 are executive Directors, 1 is non-executive/non-independent Director and 3 are non-executive/independent Directors. Consistent with the 2018 Code, the Company has no alternate director on its board.

The Chairman of the Board is Mr. Arthur Tan Keng Hock (non-executive and independent). The executive Directors are Mr. Ong Beng Seng (Managing Director), Mr. Christopher Lim Tien Lock (Group Executive Director) and Mr. Stephen Lau Buong Lik (Executive Director).

The majority of our Directors is non-executive and includes professionals with financial and commercial backgrounds. This provides Management with the benefit of an external diverse and objective perspective of issues that are brought before the Board.

The Board has no dissenting view on the Chairman's statement for the year in review.

Key information regarding the Directors of the Company is provided as follows:-

**Mr. Arthur Tan Keng Hock**

| | | |
|---|---|---|
| Date of appointment as Director | : | July 5, 1996 |
| Date of appointment as Chairman | : | May 14, 2013 |
| Date of last re-election | : | April 28, 2022 |
| Nature of Appointment | : | Non-Executive and Independent |
| Board Committees served on | : | Member of Audit Committee from July 5, 1996 to March 13, 1997 and since May 14, 2013 till present<br>Chairman of Audit Committee from March 13, 1997 to May 13, 2013<br>Member of Remuneration Committee from May 14, 2013 and<br>Chairman of Remuneration Committee since May 28, 2019 |

On May 14, 2013, Mr. Arthur Tan was appointed as Non-Executive Chairman of HPL.

Mr. Arthur Tan is the Managing Director of Advance Investment Management Capital Pte Ltd. Mr. Tan, who has been an investment banker for over 15 years, has held senior management positions including Managing Director of Smith New Court (Thailand) Co. Ltd, Director of Merrill Lynch (Singapore) Pte Ltd, Director, Corporate Finance, of Schroders International Merchant Bank Limited, Executive Director of Guthrie GTS Limited and directorships in various listed companies. He graduated from the National University of Singapore with a bachelor's degree in Business Administration.



CORPORATE GOVERNANCE REPORT

**Mr. Ong Beng Seng**

| | | |
|---|---|---|
| Date of appointment as Director | : | March 5, 1980 |
| Date of last re-election | : | April 28, 2022 |
| Nature of Appointment | : | Managing Director |
| Board Committees served on | : | Member of the Remuneration Committee since November 1, 2002 |

Mr. Ong Beng Seng is the co-founder of the Company with more than 30 years of experience in the hotel and property development, hotel management, real estate and retail industries. He is responsible for all aspects of strategic planning and business development activities of the Hotel Properties Limited Group. He joined Motor & General Underwriters Investment Holdings Ltd in 1972. In 1977, Mr. Ong joined his father-in-law, Mr. Peter Y. S. Fu in Kuo International as an oil trader. The move also thrusted him into hotel and property development. Mr. Ong is an associate member of the Chartered Insurance Institute of England.

**Mr. Christopher Lim Tien Lock**

| | | |
|---|---|---|
| Date of appointment as Director | : | January 7, 1998 |
| Date of last re-election | : | April 28, 2021 |
| Nature of Appointment | : | Group Executive Director |

Mr. Christopher Lim is the Group Executive Director of HPL. He is responsible for the overall management of the HPL Group. Prior to joining HPL in 1989, Mr. Lim held the position of Director and Head of Corporate Finance of N M Rothschild and Sons (Singapore) Limited with 10 years of experience in the field of investment banking. He graduated from the National University of Singapore with a bachelor's degree in Business Administration.

**Mr. Leslie Mah Kim Loong**

| | | |
|---|---|---|
| Date of appointment as Director | : | August 5, 1997 |
| Date of last re-election | : | April 28, 2021 |
| Nature of Appointment | : | Non-Executive and Independent |
| Board Committees served on | : | Chairman of Audit Committee since May 14, 2013<br>Member of the Audit Committee from November 1, 2002 and<br>Chairman of the Nominating Committee since July 28, 2009 |

Mr. Leslie Mah is a Life member of the Institute of Singapore Chartered Accountants. Mr. Mah retired as an Executive Director of Eu Yan Sang International Limited in 2009. Prior to joining Eu Yan Sang, Mr. Mah was an Executive Director and Company Secretary of Cerebos Pacific Limited for 15 years. Prior to his tenure at Cerebos, he was Finance Director of Harper Gilfillan Limited for 10 years. He also sits on the board of Stamford Tyres Corporation Ltd as an Independent Director.

**Mr. David Fu Kuo Chen**

| | | |
|---|---|---|
| Date of appointment as Director | : | August 5, 2005 |
| Date of last re-election | : | April 28, 2021 |
| Nature of Appointment | : | Non-Executive and Non-Independent |
| Board Committees served on | : | Member of Nominating Committee since August 5, 2005 |

Mr. David Fu is a Director of Avant Hotel (S) Pte Ltd. He graduated from the University of Southern California. He also sits on the board of NSL Ltd.

**Mr. Stephen Lau Buong Lik**

| | | |
|---|---|---|
| Date of appointment as Director | : | May 13, 2008 |
| Date of last re-election | : | June 4, 2020 |
| Nature of Appointment | : | Executive Director |

Mr. Stephen Lau was appointed on May 13, 2008 as an Executive Director. He holds a B.A. Hons major in Accounting. He is a Member of the Institute of Chartered Accountants in England and Wales. He is currently Head of the Hotel Division. Previously, he headed positions in the Retail and Leisure divisions of the Company.

**Mr. Wong Liang Ying**

| | | |
|---|---|---|
| Date of appointment as Director | : | May 28, 2019 |
| Date of last re-election | : | June 4, 2020 |
| Nature of Appointment | : | Non-Executive and Independent |
| Board Committees served on | : | Member of Audit Committee since May 28, 2019<br>Member of Nominating Committee since May 28, 2019<br>Member of Remuneration Committee since May 28, 2019 |

Mr. Wong Liang Ying holds a Bachelor's degree in Business Administration from the University of Singapore. Mr. Wong was with the Singapore Exchange Limited ("SGX") first as Head of Listings and then Head of China until his retirement in March 2018. In his role with SGX, Mr. Wong was also a member of various collaboration councils set up by Singapore with various provinces in China to promote economic trade and investment activities. Prior to joining SGX in April 2006, Mr. Wong was part of the senior management team at OCBC Bank. Before OCBC Bank, Mr. Wong was with the Schroders Group for 20 years and held senior management positions with the group in various Asian countries. Mr. Wong also sits on the board of Mapletree Pan Asia Commercial Trust Management Ltd as an Independent Non-Executive Director, as well as on the board of Alta Exchange Ltd as Independent Chairman.

**Board Diversity Policy**

The Board has a formal Board Diversity Policy, setting out its policy, framework and measurable objectives for promoting diversity on the Board. The Board recognises that a diverse Board is an important element which will drive the Company's strategic objectives for sustainable development. This is achieved by enhancing the decision-making process of the Board through the perspectives derived from the various skills, business experience, industry discipline, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service and other distinguishing qualities of the Directors. When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of Directors, measurable objectives have been set for the Board to have at least one director with recent and relevant accounting or related financial management expertise or experience and one director with real estate background. The Nominating Committee will consider all aspects of diversity in order to arrive at an optimum balanced composition of the Board.

Having regard to the depth and breadth of commercial knowledge, management expertise as well as business experience of individual Directors, the Nominating Committee is of the view that the current Board possesses a wide range of skills and experience and core competencies necessary to govern and manage the Company's affairs.



CORPORATE GOVERNANCE REPORT

**Board's Roles & Directors' Duties**

*Principle 1: Board's Conduct of its Affairs*

For FY2022, the Board had met at least 2 times a year and as warranted by circumstances. The Company's Constitution provides for telephonic and videoconference meetings. The number of meetings held in the year and the attendance of the Directors are as follows:

| | HPL Board | Audit Committee | Remuneration Committee | Nominating Committee | General Meetings of shareholders |
|---|---|---|---|---|---|
| | No. of Meetings held : 2 | No. of Meetings held : 2 | No. of Meetings held : 1 | No. of Meetings held : 1 | No. of Meetings held : 1 |
| **Name of Directors** | No. of Meetings Attended | No. of Meetings Attended | No. of Meetings Attended | No. of Meetings Attended | No. of Meetings Attended |
| Ong Beng Seng | 2 | N.A. | 1 | N.A. | 1 |
| Christopher Lim Tien Lock | 2 | N.A. | N.A. | N.A. | 1 |
| Arthur Tan Keng Hock | 2 | 2 | 1 | N.A. | 1 |
| Leslie Mah Kim Loong | 2 | 2 | N.A. | 1 | 1 |
| David Fu Kuo Chen | 2 | N.A. | N.A. | 1 | 1 |
| Stephen Lau Buong Lik | 2 | N.A. | N.A. | N.A. | 1 |
| Wong Liang Ying | 2 | 2 | 1 | 1 | 1 |

N.A. = Not Applicable

The Non-Executive Director and/or Independent Directors, will meet at least once a year without the presence of Management to discuss on pertinent matters such as the performance of Management, risk management, internal controls, Management succession planning and important business issues. During the financial year, the Independent Directors had met once without the presence of Management to discuss on some of those pertinent matters.

All Directors exercise due diligence and independent judgement and make decisions objectively in the best interest of HPL Group. The principal responsibilities of the Board are to:

- approve the broad policies, strategies and financial objectives of the Company and monitor its performance;
- approve major funding proposals, investments, disposals and capital expenditure;
- review the Company's financial performance and authorising announcements issued by the Company;
- oversee and review the processes for evaluating risk policies, including the adequacy and effectiveness of internal controls and risk management;
- approve the nominations of Board Directors; and
- assume responsibility for corporate governance and compliance with the Singapore Companies Act 1967 ("Companies Act") and the rules and requirements of regulatory bodies.

Matters which are specifically reserved for the full Board's decisions are those involving material acquisitions and disposals of assets, corporate or financial restructuring, share issuances and dividends. Additionally, the Board delegates certain of its functions to the Committee of Directors, Audit, Risk Management, Nominating and Remuneration Committees.

The Committee of Directors, established in May 1993, comprises 3 Directors, namely Messrs Ong Beng Seng, Christopher Lim Tien Lock and David Fu Kuo Chen. The Committee of Directors is governed by written terms of reference and is authorised and delegated by the Board to approve and/or carry into effect certain operational and administrative matters, as stipulated in the Regulations of the Committee of Directors.

The Company worked closely with its company secretaries and professionals to provide its Directors with regular updates on relevant legal, regulatory and technical developments. Changes to regulations and accounting standards are monitored closely by Management. The Directors are provided with updates, reports and press releases issued by regulatory authorities and institutes on directors' duties and responsibilities, corporate governance, accounting and changes in financial reporting standards in Singapore, developments in Companies Act and Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules, so as to update and refresh them on matters that may affect or enhance their performance as Board or Board Committee members. The Company Secretary also circulates articles, reports and press releases issued by the SGX-ST and ACRA which are relevant to the Directors. Appropriate external trainings will be arranged where necessary.

Upon the appointment of a new director, the Company will provide him/her with a formal letter, setting out his/her duties and obligations. Appropriate external trainings will be arranged for the newly appointed director where necessary. During FY2022, no new Director was appointed.

**Conflict of Interest**

In keeping with the Company's core values of ethics and integrity, the Board ensures that directors are not placed in situations where there is a conflict between their duties to the Company and their own personal interests. Where there is any director facing a conflict of interest, he or she discloses and recuses himself or herself from meetings and decisions involving the issue. Directors provide a disclosure of interests in transactions, property and offices at least annually or as and when such an interest occurs.

**Dealings in securities**

In compliance with Rule 1207 (19) of the SGX-ST Listing Manual, during FY2022, the Company issued half-yearly reminders to its Directors, officers and employees on the restrictions in dealings in listed securities of the Company during the period commencing 1 month before the announcement of half year or full year financial results, and ending on the date of such announcements. Directors, officers and employees were also reminded not to trade in listed securities of the Company at any time while in possession of unpublished price sensitive information and to refrain from dealing in the Company's securities on short-term considerations.

**Interested Person Transactions ("IPTs")**

The Company has adopted an internal policy in respect of any transactions with interested persons and has set out procedures for review and approval of the Company's IPTs. Details of the significant IPTs for FY2022 are as follows:

| Name of Interested Person | Aggregate value of all IPTs during the financial year ended December 31, 2022 (excluding transactions below $100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920) | Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions below $100,000) |
|---|---|---|
| | $'000 | $'000 |
| ***Associates of Mr. Ong Beng Seng** | | |
| Rental income | 5,980 | - |
| Management fee income | 1,232 | - |
| Management fee expense | 852 | - |
| Investment in Joint Ventures | 4,125 | - |

All the above IPTs were done on commercial terms.




CORPORATE GOVERNANCE REPORT

**Note:**

* "Associate" in relation to a director, chief executive officer or controlling shareholder means:
  - his immediate family;
  - the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
  - any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more.

**Role of Chairman & Managing Director**

*Principle 3: Chairman and Chief Executive Officer*

The Company has a separate Chairman and Managing Director. The Chairman is a non-executive and independent director who bears responsibility for the workings of the Board while the Managing Director is the most senior executive in the Company who bears executive responsibility for the management of the Company and Group. The Board does not have a lead independent director as the Chairman is independent. The Chairman, Managing Director and Group Executive Director set the Board meeting agenda in consultation with the other Directors. Both the Chairman and Managing Director are responsible for the adherence by Management with Corporate Governance policies as laid down by the Board. The Chairman and the Managing Director are not immediate family members.

**BOARD AFFAIRS**

**Remuneration Matters**

*Principle 6: Procedures for Developing Remuneration Policies*

*Principle 7: Level and Mix of Remuneration*

*Principle 8: Disclosure on Remuneration*

The Remuneration Committee was formed on November 1, 2002 and comprises 3 Directors, of whom 2, including the Chairman, are non-executive and independent Directors.

The Remuneration Committee is chaired by Mr. Arthur Tan Keng Hock. The other members are Mr. Wong Liang Ying and Mr. Ong Beng Seng. The Board is of the view that it is appropriate for the Group's Managing Director, Mr. Ong Beng Seng to remain as a member of the Remuneration Committee as he does not receive monthly remuneration from the Group and is not eligible for grants under the Company's Executive Share Option Scheme and Performance Share Plan.

The Remuneration Committee is governed by written terms of reference and its principal responsibilities are to:

- review periodically and recommend to the Board an appropriate framework of compensation practices to attract, retain and motivate management staff of the required calibre to manage the Group successfully;
- review and recommend senior management remuneration package and that of the executive Directors whose remuneration packages include a variable bonus component which is performance-related, and also stock options and performance shares which have been designed to align their interests with those of the shareholders;
- review Company's obligations arising in the event of termination of executive Directors and key management personnel's contract of service;
- review the recommendation of the executive Directors, for approval of the Board, the Directors' fees and such payment as may be payable pursuant to Article 73 of the Company's Constitution;
- administer the Hotel Properties Limited Performance Share Plan 2017 approved by the shareholders on April 27, 2017 ("HPL PSP 2017"); and
- administer the Hotel Properties Employee Share Option Scheme 2010 which was approved by the shareholders on April 29, 2010 ("Scheme 2010").

While none of the members of the Remuneration Committee specialises in the area of executive compensation, the Committee is entitled to have access to independent industry data and professional advice if necessary. Moreover, they have unrestricted access to the Company's records and information so as to enable them to carry out their duties. The Company does not engage any remuneration consultant.

For FY2022, there were no termination, retirement and post-employment benefits granted to Directors, the Managing Director and the top 5 key management personnel.

The remuneration for executive Directors and senior management is structured to link rewards to corporate and individual performance. The Company exercises its discretion and independent judgement in ensuring that the amount and mix of compensation are aligned with the interests of shareholders, in a manner that promotes stewardship and long term value creation. The overall level of remuneration is not considered to be excessive that will stimulate risk-taking behaviour beyond the Company's risk appetite.

The remuneration policy for executive Directors and senior management staff consists of both fixed and variable components. The fixed component includes salary and CPF contributions. The variable component comprises a bonus element, share options and performance shares which are performance-based. At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from Executive Directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Except as disclosed in the Directors' Statement and Financial Statements, no material contracts (including loans) of the Company or its subsidiaries involving the interests of any Directors or controlling shareholders subsisted at the end of the financial year or had been entered into since the end of the previous financial year.

Non-executive Directors are paid Directors' fees that are based on corporate and individual responsibilities and are subject to approval of the shareholders at the Annual General Meeting ("AGM") of the Company.

The Remuneration Committee recommends the payment of the Directors' fees, subject to approval by shareholders at the AGM.

Non-executive Directors have no service contracts and their terms are specified in the Constitution.

Details of remuneration and benefits of Directors for FY2022 are set out below:

| | Fee* % | Salary % | Bonus and Other benefits % | Total % |
|---|---|---|---|---|
| **Between $2,500,000 and $2,750,000** | | | | |
| Christopher Lim Tien Lock | 2 | 32 | 66 | 100 |
| **Between $2,000,000 and $2,250,000** | | | | |
| Stephen Lau Buong Lik | 3 | 36 | 61 | 100 |
| **Between $1,750,000 and $2,000,000** | | | | |
| Ong Beng Seng | 3 | - | 97 | 100 |
| **Below $250,000** | | | | |
| Arthur Tan Keng Hock | 100 | - | - | 100 |
| Leslie Mah Kim Loong | 100 | - | - | 100 |
| David Fu Kuo Chen | 100 | - | - | 100 |
| Wong Liang Ying | 100 | - | - | 100 |

* these fees are subject to approval by shareholders as a lump sum at the AGM for FY2022





The key management team, together with the Managing Director, leads various departments and businesses segments, in accordance to their respective commercial and fiduciary roles. Their responsibilities include managing corporate affairs and executing duties with high standards of integrity and professionalism.

As the Company aims to promote a team-based performance culture to encourage collaboration and teamwork, team incentives have been integrated with organisational objectives to drive collective performance. Accordingly, the Company has decided not to disclose remuneration of its key management personnel, thereby minimising individual comparisons which may affect employee morale. Information relating to the remuneration of directors and other members of key management during the year has been disclosed in the Notes to Financial Statements on page 63 of this Annual Report. The Company believes that this will not be prejudicial towards shareholders' interest, as the quantum of remuneration and long-term incentives awarded to key management are aligned with the Company's strategic objectives. Additionally, the Remuneration Committee considers the overall business performance as well as the affordability of the payout for the Company, in order to determine the payout quantum for its key management personnel.

There is no employee who is a substantial shareholder of the Company or are immediate family members of a Director or the Managing Director or a substantial shareholder of the Company whose remuneration exceeds $100,000 in the Group's employment for FY2022.

The Remuneration Committee administers the Scheme 2010 in accordance with the rules as approved by shareholders. Executive Directors (except Mr. Ong Beng Seng who is also a deemed substantial shareholder of the Company) were granted share options under the Scheme 2010 but not the non-executive Directors. The Company holds the view that, at this point in its development, the interests of maintaining the objectivity and independence of the non-executive Directors is best served by a cash-based remuneration package. The objectives of Scheme 2010 is to motivate the executives of the Group to optimise their performance standards and efficiency and to retain key executives whose contributions are important to the long term growth and profitability of the Group.

In addition to Scheme 2010, the shareholders have approved the HPL PSP 2017 on April 27, 2017 to give the Company greater flexibility to align the interests of the employees, especially key executives, with those of shareholders. It is also intended that the HPL PSP 2017 complements the Scheme 2010 in its continuing effects to reward, retain and motivate employees to achieve superior performance which creates and enhances economic value for shareholders. There were no share options or performance shares granted for FY2022.

Other details of Scheme 2010 and HPL PSP 2017 are found in the Directors' Statement.

**Succession Planning**

*Principle 4: Board Membership*

The Board supports the principle that Board renewal is a necessary and continual process, for good governance and ensuring that the Board has the skills, expertise and experience which are relevant to the evolving needs of the Company's business. The Board seeks to refresh its membership progressively and in an orderly manner. In this respect, Board succession planning is carried out through the annual review by the Nominating Committee of the Board's composition as well as when a Director gives notice of his or her intention to retire or resign. The outcome of that assessment is reported to the Board.

In terms of succession planning for key management personnel, the successors to the key positions are identified and development plans will be instituted for them. The Nominating Committee is kept aware of the succession and development plans of key management personnel.

**Board Membership & Performance**

*Principle 4: Board Membership*

*Principle 5: Board Performance*

The Nominating Committee was formed on November 1, 2002 and currently comprises 3 non-executive Directors, of whom two are independent Directors. The Nominating Committee is chaired by Mr. Leslie Mah Kim Loong, a non-executive and independent Director. Mr. Mah is not associated with the substantial shareholders of the Company. The other members are Mr. Wong Liang Ying and Mr. David Fu Kuo Chen.

The Nominating Committee annually reviews the size and composition mix of the Board, various Committees and the independence of each Director. It is governed by written terms of reference that seek to establish an objective and transparent process for:

- the appointment or re-appointment of members of the Board and of the various Board Committees;
- evaluating and assessing the effectiveness of the Board as a whole, and the contribution by each individual Director to the effectiveness of the Board;
- reviewing and making recommendations to the Board on succession plans for Directors, in particular, the Chairman, Managing Director and key management personnel;
- determining the independence of Directors; and
- reviewing the multiple board representations of each Director individually (if any) to ensure that sufficient time and attention is given to the affairs of the Company.

The process for selecting, appointing, identifying and re-electing non-executive Directors to the Board is as follows:

(a) The Nominating Committee will at least annually carry out proactive review of the Board composition and on each occasion that an existing non-executive Director gives notice of his intention to retire or resign. This is to assess the collective skills of non-executive Directors represented on the Board to determine whether the Board, as a whole, has the skills required to achieve the Company's strategic and operational objectives;

(b) In carrying out the review, the Nominating Committee will take into account that the Board composition should reflect balance in matters such as skill representation, tenure, experience, age spread and diversity;

(c) The Nominating Committee will assist to identify suitable candidates for appointment to the Board having regard to the skills required and the skills represented on the Board;

(d) External consultants may be used from time to time to access a wide base of non-executive Directors;

(e) The Nominating Committee will make recommendations to the Board on candidates it considers appropriate for appointment. New Directors are appointed by way of board resolutions;

(f) With regard to the re-election of existing Directors each year, the Nominating Committee will advise the Board of those Directors who are retiring in accordance with the provisions of the Articles of the Company;

(g) The Nominating Committee will make recommendations to the Board as to whether the Board should support the re-election of a Director retiring in accordance with the provisions of the Articles; and

(h) In making recommendations, the Nominating Committee will undertake a process of review of the retiring non-executive Director's performance during the period in which the non-executive Director has been a member of the Board.

The above process will be reviewed periodically at the discretion of the Board.

New Directors will submit themselves for re-election at the forthcoming AGM of the Company. Article 80 of the Company's Constitution requires at least one third of the Board to retire by rotation at every AGM. All directors shall retire at least once every 3 years.



CORPORATE GOVERNANCE REPORT

With effect from January 1, 2019, all directors, including the executive directors, must submit themselves for re-nomination and re-appointment at least once every 3 years, in accordance to Rule 720(5) of the SGX-ST Listing Manual.

Accordingly, the directors due for re-nomination and re-appointment at the forthcoming AGM under Article 80 of the Company's Constitution are Mr. Stephen Lau Buong Lik and Mr. Wong Liang Ying. All the retiring Directors have offered themselves for re-election.

After assessing the contribution and performance of the retiring Directors, the Nominating Committee has recommended the re-election of Mr. Stephen Lau Buong Lik and Mr. Wong Liang Ying at the forthcoming AGM. The Board has accepted the recommendations of the Nominating Committee.

Each member of the Nominating Committee abstains from voting on any resolutions and making any recommendation and/or participating in respect of matters in which he is interested.

Information relating to Directors seeking re-election as set out in Appendix 7.4.1 to the SGX-ST Listing Manual, is set out on pages 129 to 130.

Mr. Wong Liang Ying will, upon re-election as a director, remain as a member of the Audit, Nominating and Remuneration Committees.

For the purpose of its evaluation of the directors' performance, the Nominating Committee focuses on whether the Directors, individually or collectively possesses the background, experience, competencies in finance and management skills critical to the Company's business as well as whether each director, with his special contributions, brings to the Board an independent and objective perspective to enable sound, balanced and well-considered decisions to be made.

The Nominating Committee has adopted a system of assessing the effectiveness of the Board as a whole and the contribution of each Director to the effectiveness of the Board. Board Assessment is conducted by the external company secretary and a consolidated report is submitted to the Nominating Committee. The Board assessment as a whole considered the following key performance criteria:

- Board size and composition;
- Effectiveness of Board processes;
- Board performance in fulfilling fiduciary and supervisory duties; and
- Board committee performance.

The assessment of individual directors considered the following key performance criteria:

- Directors' duties;
- Level of commitment (including attendance records, level of preparation for meetings);
- Technical expertise (e.g. financial, business-specific competencies); and
- Inter-personal relationships with other Directors and senior management.

The Nominating Committee is responsible for assessing the independence of the Directors on an annual basis. Each Director is required to complete a Confirmation of Independence checklist, which is drawn up in accordance with the guidelines provided by the 2018 Code and the SGX-ST Listing Rules, and the Nominating Committee requires each Independent Director to complete and execute a form declaring and affirming his own independence and confirming that there exist no conditions that would impair his independence. This declaration of independence is tabled before the Nominating Committee, and if accepted, the Director's independence is then recommended by the Nominating Committee to the Board.

As at December 31, 2022, Mr. Arthur Tan Keng Hock and Mr. Leslie Mah Kim Loong have served on the Board for more than 9 years from the date of their first appointment, the Board together with the Nominating Committee, had taken more critical measures to ascertain the independence of Mr. Tan and Mr. Mah by monitoring, measuring and reviewing their contribution in terms of their experience, expertise, professionalism, integrity, objectivity and independent judgement in engaging and challenging Management in the best interests of the Company as they perform their duties in good faith. After due and careful rigorous review, the Board (with both Mr. Tan and Mr. Mah abstaining from the review), with the concurrence of the Nominating Committee, has determined that both Mr. Tan and Mr. Mah are to be considered independent notwithstanding that they have served on the Board beyond 9 years as they have continued to demonstrate strong independence in character and judgement in the discharge of their responsibility as independent Directors of the Company, with utmost commitment in upholding the interest of non-controlling shareholders. They have continued to express their individual viewpoints, debated issues and objectively scrutinised and challenged Management on issues they deem necessary. They have also sought clarification and amplification as and when necessary, including through direct access to Management and they are able to exercise objective judgement on corporate matters independently, in particular from Management and substantial shareholders, notwithstanding that they have served more than 9 years on the Board.

Based on their declarations, both Mr. Tan and Mr. Mah do not have relationships or circumstances that are likely to affect or that could affect their judgement that could compromise their independence on board matters.

Taking into account the above after due consideration and careful assessment, and also having weighed the need for Board refreshment against tenure for relative benefit, the Nominating Committee and the Board are of the view that both Mr. Tan and Mr. Mah continue to be considered independent directors notwithstanding that they have each served on the Board for more than 9 years.

On January 11, 2023, Singapore Exchange Regulation ("SGX RegCo") announced Listing Rule changes to limit to nine years the tenure of independent directors (IDs) serving on the boards of listed companies and to remove the two-tier vote mechanism for listed companies to retain long-serving IDs who have served for more than nine years.

The two-tier vote was removed on January 11, 2023. As a transition measure, IDs whose tenure exceeds the nine-year limit can continue to serve as independent directors until the listed companies' annual general meeting (AGM) held for the financial year ending on or after December 31, 2023.

The Board is mindful of the Listing Rule changes and will be taking active steps on board renewal.



CORPORATE GOVERNANCE REPORT

The Nominating Committee has assessed that each Director in the Company is able to and has been adequately carrying out his duties as a Director of the Company, taking into consideration the Director's number of listed company board representations and other principal commitments.

The Board is of the view that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors would depend on many other factors such as whether they were in full time employment and their other responsibilities.

**Access to information**

*Principle 1: Board's Conduct of its Affairs*

In order to ensure that the Board is able to fulfil its responsibilities, Management provides the Board with half-yearly financial statements, all relevant information on material events and transactions are circulated to Directors as and when they arise. Whenever necessary, senior management staffs are invited to attend the Board/Committee meetings to answer queries and provide detailed insights into their areas of responsibilities.

Where a decision has to be made before a Board meeting, a Directors' resolution is circulated in accordance with the Constitution of the Company and the Directors are provided with all necessary information to enable them to make informed decisions.

In addition, Directors have separate and independent access to the advice and services of the company secretary, who is responsible to the Board for ensuring board procedures are followed and advising on the implementation of compliance requirements pursuant to the relevant statutes and regulations. The company secretary assists in scheduling Board and Committee meetings and prepares agenda in consultation with the Board Chairman, Committee Chairman and Executive Directors. The company secretary attends all Board and Committee meetings and prepares minutes. The appointment and removal of the company secretary is a matter for the Board as a whole.

Each Director also has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Company's operations or undertakings in order to fulfil their roles and responsibilities as Directors.

In line with the SGX-ST Listing Manual, the Board provides a negative assurance statement to the shareholders in its half-yearly financial statements announcements, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial statements false or misleading in any material aspect.

In addition, the Company, had pursuant to the amended Rule 720(1) of the SGX-ST Listing Manual, received undertakings from all its Directors and executive officers that they each shall, in the exercise of their powers and duties as Directors and officers comply with the best of their abilities with the provisions of the SGX-ST Listing Manual and will procure the Company to do so.

**ACCOUNTABILITY AND AUDIT**

*Principle 9: Risk Management and Internal Controls*

**Risk Management and Internal Control Systems**

The Board has received assurance from the Managing Director, Group Financial Controller and other Senior Management that (a) the financial records have been properly maintained and the financial statements give 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.

The Audit Committee, together with Management meets with the internal auditors and external auditors to review accounting, auditing and financial reporting matters to ensure that an effective system of controls is maintained in the Company. The Audit Committee is tasked to oversee the implementation of an effective system of internal controls as well as putting in place a risk management framework to continually identify, evaluate and manage significant business risks of the Company. Since 2019, a separate Risk Management Committee had been established to provide oversight, guidance, direction, and necessary resources to support the implementation of an enterprise-wide Risk Management ("ERM") policy, through the Finance Department. Such risk management activities includes setting and communicating the 'tone from the top', and ensuring effective implementation and compliance with the ERM policy.

The internal auditors and external auditors have, during the course of their audits, carried out a review of the effectiveness of key internal controls within the scope of their audits. Material non-compliance and internal control weaknesses noted during their respective audits and their recommendations are reported to the Audit Committee (if any). It was noted that there were no systemic issues to be highlighted. The Audit Committee has reviewed the internal auditors' and external auditors' comments and findings to ensure that there are adequate internal controls in the Company and follow up on actions implemented in their next audit review.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by Management, the Board was satisfied that there were adequate and effective internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The Audit Committee concurs with the Board's comment.

The Board notes that the system of internal controls and risk management established by the Company provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives.

In this regard, the Board also notes that no system of internal controls and risk management can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

*Principle 10: Audit Committee*

**Audit Committee Mandate**

The Audit Committee was formed in 1991 and was re-constituted on November 1, 2002 in compliance with the spirit of the 2018 Code.

The Audit Committee comprises three non-executive Directors namely, Mr. Leslie Mah Kim Loong, Mr. Arthur Tan Keng Hock and Mr. Wong Liang Ying, all of whom are independent Directors. The Audit Committee is chaired by Mr. Leslie Mah Kim Loong, a Life Member of the Institute of Singapore Chartered Accountants. The Board considers Mr. Leslie Mah, who has extensive and practical financial management knowledge and experience, is well qualified to chair the Audit Committee. The Board is satisfied that the Audit Committee members, collectively have many years of experience in accounting, finance and business management and are appropriately qualified to discharge their responsibilities. The Audit Committee does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation.





The Audit Committee is governed by written terms of reference under which it performs the following main functions:

- reviews with the external auditors, the audit plan, impact of new, revised or proposed changes in accounting standards, significant financial reporting issues and results of their examination and evaluation of accounting controls;
- reviews with the internal auditors, the scope and results of internal audit procedures and their evaluation of the internal control systems;
- reviews the half-yearly and full year announcements of the results and financial position of the Company and the Group and the financial statements of the Company and consolidated financial statements of the Group prior to their submission to the Board;
- reviews interested person transactions;
- reviews the co-operation given by the Company's officers to the internal and external auditors;
- makes recommendations to the Board on the appointment of the internal and external auditors;
- reviews with the external and internal auditors the adequacy and effectiveness of the Group's internal control systems within the scope of their audits, including financial, operational, compliance and information technology controls;
- reviews the independence of the external auditors annually and the aggregate amount of fees paid to the external auditors for that financial year; and
- commissions and reviews the findings of internal investigations into matters where there is any suspected fraud or irregularity or failure of internal controls or infringement of any law, rule or regulation which is likely to have a material impact on the Company's operating results or financial position.

The Audit Committee meets with the internal and external auditors separately (without the presence of the Company's Management) at least once a year to review any matter that might be raised.

The Audit Committee received co-operation from Management and was not obstructed or impeded by Management in carrying out its functions during the year. Throughout the year, there was no instance of any suspected misdeed or irregularity, which was likely to have a material impact on the Group's operating results and financial position.

The Audit Committee has full discretion to invite any Director or executive officer of the Company to attend its meetings.

To keep abreast of the changes in financial reporting standards and related issues which have a direct impact on financial statements, discussions are held with the external auditors where applicable when they attend the Audit Committee meetings half-yearly.

The Audit Committee reviewed the scope and results of the audit carried out by the external auditors, the independence and objectivity of the external auditors. The Audit Committee has conducted an annual review of all non-audit services by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the auditors. The fees paid to the external auditors are disclosed on page 83 of this Annual Report.

The Company has complied with Rules 712, 715 and 716 of the SGX-ST Listing Manual in relation to its auditors. The Audit Committee has recommended to the Board the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Company at the forthcoming AGM.

**Significant financial statement reporting matter**

The external auditors have included Accounting for Investment Properties as a Key Audit Matter ("KAM") in the auditor's report for FY2022. The Audit Committee discussed the KAM with the external auditors and concurred with the basis and conclusions to be included in the auditors' report. For more information on the KAM, please refer to pages 24 to 25 of this Annual Report.

**Internal Audit**

The internal audit function is currently outsourced to One e-Risk Services Pte Ltd ("One e-Risk") which reports directly to the Audit Committee. The internal auditors are guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors. The internal auditors support the Audit Committee in their role to assess the effectiveness of the Company's overall system of operational and financial controls. Having regard to the adequacy of resources and experience of One e-Risk and the assigned engagement team, number and experience of supervisory and professional staff assigned to the internal audits, the Audit Committee is satisfied that the internal audit function is staffed by suitably qualified and experienced professionals with the relevant experience. The Audit Committee is also satisfied that the internal audit function is independent, effective and adequately resourced.

The Audit Committee reviews and approves the internal audit plan proposed by the internal auditors. Material non-compliance and internal control weaknesses noted during the internal audits are reported together with the internal auditors' recommendations to the Audit Committee. There were no material weaknesses identified by the Board or the Audit Committee for FY2022.

**Whistle-blowing**

The Company has in place a Whistle-Blowing Policy ("WB Policy"), which provides an independent feedback channel that is directed to the Audit Committee Chairman, through which matters of concern about possible improprieties such as suspected fraud, corruption, dishonest practices, may be reported in good faith, without fear of reprisal. Appropriate investigation and follow up action will be taken on any such report. The Audit Committee is responsible for oversight and monitoring of whistleblowing and the Audit Committee reviews all whistleblowing complaints, if any, at its Audit Committee meetings to ensure independence thorough investigation and appropriate follow-up actions are taken. The Company will treat all information received as confidential and will protect the identity of all whistleblowers from reprisal. It is also committed to ensuring that whistleblowers will be treated fairly, and protected against detrimental or unfair treatment for whistleblowing in good faith. There have been no reported incidents pertaining to whistle-blowing for FY2022.

**SHAREHOLDER & STAKEHOLDER ENGAGEMENT**

*Principle 11: Shareholder Rights and Engagement*

**Dividend Policy**

The Company does not have a fixed dividend policy. The frequency and amount of dividends will depend on the Company's earnings, general financial condition, results of operations, capital requirements, cash flow and general business conditions, development plans and other factors as the Directors may deem appropriate. Notwithstanding the above, the Company has been declaring final dividends at year end. Any pay-outs are clearly communicated to shareholders via announcements on SGXNET when the Company releases its financial results.



CORPORATE GOVERNANCE REPORT

**Conduct of Shareholder Meetings**

The Company provides shareholders with the opportunity to participate effectively in and vote at general meetings of shareholders and informs them of the rules governing general meetings of shareholders. In line with the Group's sustainability strategy, the Notice of AGM, Annual Report and the Company's letter to shareholders in relation to certain resolutions being tabled at the AGM are made available for download from the Company's corporate website. At general meetings of the Company, shareholders have the opportunity to vote in person or by proxy, and would be informed of the voting procedures.

Except for a member who is a relevant intermediary as defined under Section 181(6) of the Companies Act 1967, a member is entitled to appoint not more than two (2) proxies to attend and vote on his behalf. A "Relevant Intermediary" means:

(i) a banking corporation licensed under the Banking Act 1970 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;

(ii) a person holding a capital markets services license to provide custodial services for securities under the Securities and Futures Act 2001, and who holds shares in that capacity; or

(iii) the Central Provident Fund Board established by the Central Provident Fund Act 1953, 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.

The Company does not allow a shareholder to vote in absentia at general meetings, except through the appointment of proxies as above.

At AGMs, shareholders are given the opportunity to air their views and ask questions regarding the Company and its businesses. Board members, including the Chairman of each of the Audit Committee, Nominating Committee and Remuneration Committee, external auditors and senior management are also present to address shareholders' queries.

The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting.

To promote greater transparency and equitable standards of participation, the Company has conducted the voting of all its resolutions by employing electronic poll voting for all its resolutions passed at its AGM held since 2016. The detailed results of the electronic poll voting on each resolution tabled at the AGM, including the total number of votes cast for or against each resolution tabled, were released immediately at the AGM and announced to SGX-ST via SGXNET thereafter.

Due to the COVID-19 restrictions and advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore that were in effect at the relevant time, the annual general meeting of the Company held in respect of the financial year ended December 31, 2021 ("FY2021") was held on April 28, 2022 by way of electronic means and shareholders were not able to attend the annual general meeting in person. To enable shareholders to participate in and vote effectively at the annual general meeting held by way of electronic means, the Company had set out detailed information on the alternative arrangements relating to attendance at the annual general meeting, submission of questions in advance of the annual general meeting, and voting procedures for the annual general meeting in the Company's announcement dated April 6, 2022 on the SGXNET.

# CORPORATE GOVERNANCE REPORT

The forthcoming annual general meeting of the Company to be held in respect of FY2022 will also be held by way of electronic means, and similar alternative arrangements will be put in place to allow the shareholders to participate in and vote effectively at the forthcoming annual general meeting. Please refer to the Notice of Forty-Third Annual General Meeting dated April 6, 2023 for further information. In accordance with the Alternative Arrangements for Meeting Orders, the Minutes of AGM will be published within one month after the AGM to be held in respect of FY2022 on SGXNET and the Company's website.

*Principle 12: Engagement with Shareholders*

**Communication with Shareholders**

The Company is committed to treat all shareholders fairly and equitably, and keep all its shareholders and other stakeholders informed of its corporate activities, including changes in the Company or its business which would be likely to materially affect the price or value of its shares, on a timely basis. Price sensitive announcements including half yearly and full-year results are released through SGXNET and subsequently posted on the Company's website.

Results and annual reports are announced or issued within the mandatory period, through the 'Investor Relations' section found on the corporate website. The Company makes available all media releases, financial results, annual reports, SGXNET announcements and other corporate information relating to the HPL Group on its corporate website https://www.hotelprop.com.sg. Members of the public may communicate with the Company via the 'Contact us' section of the Company's corporate website.

*Principle 13: Managing Stakeholder Relationships*

**Business Conduct and Ethics**

The Company has in place a Code of Business Conduct which sets out the business practices, standards and ethical conduct expected of all employees in the course of their employment with the Company. The Code of Business Conduct covers various aspects of the business operations of the Company such as conflicts of interest, fraud, and workplace discrimination. In addition, all employees are required to observe and maintain high standards of integrity in carrying out their roles and responsibilities, and to comply with relevant and applicable laws and regulations, as well as with Company policies.

**Sustainability Strategy**

Management understands the increasing importance of sustainability in all areas of the business. It adopts an integrated approach of evaluating the Company's sustainability performance in tandem with the Company's objectives. The Company publishes an annual Sustainability Report that provides more details on its Environmental, Social and Governance ("ESG") activities and identifies the key aspects through material assessment by relevant stakeholders (Guests, Investors and Management, Employees, Local Community and Suppliers). The key aspects are occupational health and safety, training and education of employees, energy and water consumption. More information on the material ESG matters and their corresponding targets are available in the Company's Sustainability Reports published on its corporate website, https://www.hotelprop.com.sg. The Group will be issuing its full standalone 2022 Sustainability Report by April 30, 2023.



# STATISTICS OF SHAREHOLDINGS

## AS AT MARCH 17, 2023

| | | |
|---|---|---|
| Number of issued shares excluding treasury shares | : | 521,299,951 |
| Number and percentage of treasury shares | : | 515,300 or 0.1% |
| Number and percentage of subsidiary holdings* | : | 0 or 0% |
| Class of shares | : | Ordinary Shares |
| Voting rights | : | One vote for every ordinary share (excluding treasury share) |

**DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT MARCH 17, 2023**

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 - 99 | 71 | 2.59 | 748 | 0.00 |
| 100 - 1,000 | 587 | 21.44 | 441,831 | 0.08 |
| 1,001 - 10,000 | 1,673 | 61.10 | 6,207,005 | 1.19 |
| 10,001 - 1,000,000 | 388 | 14.17 | 18,170,838 | 3.49 |
| 1,000,001 AND ABOVE | 19 | 0.70 | 496,479,529 | 95.24 |
| **TOTAL** | **2,738** | **100.00** | **521,299,951** | **100.00** |

**TWENTY LARGEST SHAREHOLDERS AS AT MARCH 17, 2023**

| NO. | NAME | NO. OF SHARES | % |
|---|---|---|---|
| 1 | NASSIM DEVELOPMENTS PTE. LTD. | 117,347,282 | 22.51 |
| 2 | DBS NOMINEES PTE LTD | 99,554,842 | 19.10 |
| 3 | RAFFLES NOMINEES (PTE) LIMITED | 60,424,600 | 11.59 |
| 4 | 68 HOLDINGS PTE LTD | 60,000,000 | 11.51 |
| 5 | CITIBANK NOMS SPORE PTE LTD | 35,786,958 | 6.86 |
| 6 | MORGAN STANLEY ASIA (S) SEC PTE LTD | 27,273,555 | 5.23 |
| 7 | FU KUO CHEN DAVID | 26,026,307 | 4.99 |
| 8 | DB NOMINEES (SINGAPORE) PTE LTD | 25,241,000 | 4.84 |
| 9 | FU CHRISTINA MRS CHRISTINA ONG | 23,457,308 | 4.50 |
| 10 | MAYBANK SECURITIES PTE. LTD. | 3,465,800 | 0.66 |
| 11 | CGS-CIMB SECURITIES (SINGAPORE) PTE LTD | 3,362,510 | 0.65 |
| 12 | REEF HOLDINGS PTE LTD | 2,951,000 | 0.57 |
| 13 | LEE PINEAPPLE COMPANY PTE LTD | 2,750,000 | 0.53 |
| 14 | PHILLIP SECURITIES PTE LTD | 2,290,165 | 0.44 |
| 15 | OCBC SECURITIES PRIVATE LTD | 2,018,300 | 0.39 |
| 16 | TEO KAR TIN | 1,216,800 | 0.23 |
| 17 | MORPH INVESTMENTS LTD | 1,163,802 | 0.22 |
| 18 | UNITED OVERSEAS BANK NOMINEES P L | 1,117,700 | 0.21 |
| 19 | LAU BUONG LIK STEPHEN | 1,031,600 | 0.20 |
| 20 | CHOO MEILEEN | 742,000 | 0.14 |
| | **TOTAL** | **497,221,529** | **95.37** |

* subsidiary holdings – as defined in the SGX-ST Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A) and 21(6C) of the Companies Act 1967.

# SUBSTANTIAL SHAREHOLDERS

AS AT MARCH 17, 2023

**As shown in the Company's Register of Substantial Shareholders**

| Substantial Shareholder | Direct/ Beneficial Interest No. of Shares | %* | Deemed Interest No. of Shares | %* |
|---|---|---|---|---|
| 68 Holdings Pte. Ltd. | 179,020,924 | 34.34 | - | - |
| Ong Beng Seng | 109,812,255 | 21.07 | 205,429,232 (1) | 39.41 |
| Cuscaden Partners Pte. Ltd. | - | - | 179,020,924 (2) | 34.34 |
| Nassim Developments Pte. Ltd. | 117,347,282 | 22.51 | - | - |
| WPS Capital Pte. Ltd. | - | - | 117,347,282 (3) | 22.51 |
| City Fairy Limited | - | - | 117,347,282 (3) | 22.51 |
| Wheelock Investments Limited | - | - | 117,347,282 (3) | 22.51 |
| Wheelock and Company Limited | - | - | 117,347,282 (3) | 22.51 |

**Notes:**

(1) Mr. Ong Beng Seng is deemed to have an interest in the shares held by 68 Holdings Pte. Ltd., held by his spouse and held by Reef Holdings Pte. Ltd.

(2) Cuscaden Partners Pte. Ltd. is deemed to have an interest in the shares held by 68 Holdings Pte. Ltd.

(3) WPS Capital Pte. Ltd., City Fairy Limited, Wheelock Investments Limited, Wheelock and Company Limited are deemed to have an interest in the 117,347,282 shares held by Nassim Developments Pte. Ltd.

* Based on 521,299,951 ordinary shares (excluding treasury shares) as at March 17, 2023.

Approximately 11.50% of the issued ordinary shares are held in the hands of the public. Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has accordingly been complied with.



# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Forty-Third Annual General Meeting ("**AGM**") of Hotel Properties Limited (the "**Company**") will be held by way of electronic means on Friday, April 28, 2023 at 4.00 p.m. to transact the following businesses:

**ORDINARY BUSINESS**

1. To receive and adopt the Directors' Statement and Audited Financial Statements for the year ended December 31, 2022 and the Auditors' Report thereon. **Resolution 1**

2. To declare a first and final one-tier tax exempt dividend of 4 cents per ordinary share and a one-tier tax exempt special dividend of 1 cent per ordinary share for the year ended December 31, 2022. **Resolution 2**

3. To approve the proposed Directors' fees of $518,000 for the year ended December 31, 2022 (2021: S$518,000). **Resolution 3**

4. To re-appoint Auditors for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 4**

**SPECIAL BUSINESS**

To consider and, if thought fit, to pass the following as Ordinary Resolutions with or without any modification:

5. That Mr. Stephen Lau Buong Lik be and is hereby re-elected as a Director of the Company in accordance with Article 80 of the Company's Constitution. [See Explanatory Note (a)] **Resolution 5**

6. That Mr. Wong Liang Ying be and is hereby re-elected as a Director of the Company in accordance with Article 80 of the Company's Constitution. [See Explanatory Note (a)] **Resolution 6**

7. Authority to issue shares pursuant to Share Issue Mandate **Resolution 7**

   That pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Companies Act**") and the Listing Rules of SGX-ST, authority be and is hereby given to the Directors 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:

(i) 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) shall not exceed 50 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with paragraph (ii) below), of which the aggregate number of shares to be issued other than on a *pro rata* basis to shareholders of the Company shall not exceed 20 per cent. of the total number of issued shares in the capital of the Company excluding treasury shares and subsidiary holdings of the Company (as calculated in accordance with paragraph (ii) below);

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under paragraph (i) above, the total number of issued shares excluding treasury shares and subsidiary holdings of the Company shall be based on the total number of issued shares excluding treasury shares and subsidiary holdings of the Company at the time this Resolution is passed, after adjusting for:

(a) 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

(b) any subsequent bonus issue or consolidation or subdivision of shares.

(iii) (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 earlier. [See Explanatory Note (b)]



NOTICE OF ANNUAL GENERAL MEETING

8. Renewal of Share Buy-Back Mandate **Resolution 8**

That:

(a) for the purposes of the Companies Act, the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire issued ordinary shares ("**Share Buy-Backs**") in the capital of the Company ("**Shares**") not exceeding in aggregate the Prescribed Limit (as hereinafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereinafter defined), whether by way of:

(i) an on-market Share Buy-Back ("**Market Share Buy-Back**") transacted through Singapore Exchange Securities Trading Limited's (the "**SGX-ST**") trading system; and/or

(ii) an off-market Share Buy-Back ("**Off-Market Share Buy-Back**"), otherwise than on a securities exchange, effected in accordance with an equal access scheme(s) as may be determined or formulated by the Directors as they may consider fit, which scheme(s) shall satisfy all conditions prescribed by the Listing Manual of the SGX-ST and the Companies Act,

and otherwise in accordance with the applicable provisions of the Companies Act and the Listing Manual of the SGX-ST, be and is hereby authorised and approved generally and unconditionally (the "**Share Buy-Back Mandate**");

(b) unless varied or revoked by the Company in general meeting, the authority conferred on the Directors pursuant to the Share Buy-Back Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on:

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

(ii) the date on which the purchases or acquisitions of Shares pursuant to the Share Buy-Back Mandate are carried out to the full extent mandated,

whichever is the earlier;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the total number of Shares (excluding any treasury shares that may be held by the Company and subsidiary holdings) as at the date of passing of this Resolution unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period (as hereinafter defined), in which event the total number of Shares shall be taken to be the total number of Shares as altered (excluding any treasury shares that may be held by the Company and subsidiary holdings from time to time);

"**Relevant Period**" means the period commencing from the date of passing of this Resolution and expiring on the date the next annual general meeting is held or is required by law to be held, whichever is the earlier, after the date of this Resolution;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax and other purchase-related expenses) to be paid for a Share, which shall not exceed:

(i) in the case of a Market Share Buy-Back, 5% above the average of the closing market prices of the Shares over the last 5 Market Days (a "**Market Day**" being a day on which the SGX-ST is open for trading of securities) on the SGX-ST on which transactions in the Shares were recorded, before the day of the Market Share Buy-Back by the Company, and deemed to be adjusted for any corporate action that occurs during such 5-day period and the day on which the Market Share Buy-Back was made; and

(ii) in the case of an Off-Market Share Buy-Back pursuant to an equal access scheme, 30% above the average of the closing market prices of the Shares over the last 5 Market Days on the SGX-ST on which transactions in the Shares were recorded, before the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares from shareholders, stating the purchase price for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Share Buy-Back ("**date of the making of the offer**"), and deemed to be adjusted for any corporate action that occurs during such 5-day period and the date of the making of the offer; and

(d) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary or expedient to give effect to the transactions contemplated by this Resolution. [See Explanatory Note (c)]

**Notice is hereby given** that the Transfer Books and Register of Members of the Company will be closed on May 11, 2023 at 5.00 p.m. for the purpose of determining shareholders' entitlements to the proposed first and final one-tier tax exempt dividend of 4 cents per ordinary share and a one-tier tax exempt special dividend of 1 cent per ordinary share for the financial year ended December 31, 2022 (the "**Proposed Dividends**").

Duly completed transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., of 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, up to 5.00 p.m. on May 11, 2023 will be registered to determine shareholders' entitlement to the Proposed Dividend. Members whose securities accounts with the Central Depository (Pte) Limited ("**CDP**") are credited with the shares as at 5.00 p.m. on May 11, 2023 will be entitled to such Proposed Dividends.

The Proposed Dividends, if approved at the Annual General Meeting to be held on April 28, 2023, will be paid on May 23, 2023.

By Order of the Board

**Joanna Lim**
Company Secretary
April 6, 2023
Singapore



NOTICE OF ANNUAL GENERAL MEETING

**Explanatory Notes:**

(a) The Ordinary Resolutions 5 and 6 are for the re-election of Mr. Stephen Lau Buong Lik and Mr. Wong Liang Ying respectively who retire by rotation at the AGM. Detailed information pursuant to Rule 720(6) of the Listing Manual of SGX-ST on each of the abovenamed Directors can be found under the section entitled "Additional Information on Directors Seeking Re-election" on pages 129 to 130 of the 2022 Annual Report of the Company. Mr. Wong Liang Ying, will, upon re-election, remain as a Member of the Audit, Nominating and Remuneration Committees and will be considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.

(b) Ordinary Resolution 7 will empower the Directors from the date of the AGM until the date of the next annual general meeting to issue further shares in the Company. The maximum number of shares which the Directors may issue under this resolution shall not exceed the quantum set out in the resolution.

(c) Ordinary Resolution 8, if passed, will empower the Directors to purchase or otherwise acquire Shares on the terms of the Share Buy-Back Mandate as set out in Ordinary Resolution 8 and the Letter to Shareholders dated April 6, 2023. Please refer to the Letter to Shareholders dated April 6, 2023 for more details. The Company may use internal funds and/or external borrowings to finance the purchase or acquisition of Shares. The amount of financing required and the impact on the Company's financial position cannot be ascertained as at the date of this Notice as these will depend on, *inter alia*, the aggregate number of Shares purchased, the purchase price at the relevant time of purchase, how the purchase is funded, whether the purchase is made out of capital or profits, whether the Shares purchased or acquired are cancelled or held as treasury shares, as well as how the Shares held in treasury are subsequently dealt with by the Company in accordance with section 76K of the Companies Act. Illustrative financial effects are set out in paragraph 2.8 of the said Letter to Shareholders.

**Notes:**

(1) A member (other than a Relevant Intermediary (as defined below)) entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(2) The instrument appointing a proxy must be deposited with the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., of 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or electronically via email to AGM2023@hotelprop.com.sg not later than 48 hours before the time appointed for the holding of the AGM.

(3) Pursuant to Section 181 of the Companies Act, any member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM. Relevant intermediary is either:

   (a) a banking corporation licensed under the Banking Act 1970 of Singapore 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 2001 of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act 1953 of Singapore (the "**CPF Act**"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

# NOTICE OF ANNUAL GENERAL MEETING

**Personal data privacy:**

By submitting an instrument appointing the Chairman of the Meeting as proxy to vote at the AGM and/or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy 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 (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines.



# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

Mr. Stephen Lau Buong Lik and Mr Wong Liang Ying are the Directors seeking re-election at the annual general meeting of the Company on April 28, 2023 ("**AGM**") (collectively, the "Retiring Directors" and each a "Retiring Director").

Pursuant to Rule 720(6) of the Listing Manual of SGX-ST, the information relating to the Retiring Directors as set out in Appendix 7.4.1 to the Listing Manual of SGX-ST is set out below:

| Name of Director | Mr. Stephen Lau Buong Lik | Mr. Wong Liang Ying |
|---|---|---|
| Date of appointment | May 13, 2008 | May 28, 2019 |
| Date of last re-appointment (if applicable) | June 4, 2020 | June 4, 2020 |
| Age | 68 | 68 |
| Country of principal residence | Singapore | Singapore |
| The Board's comments on this re-appointment (including rationale, selection criteria, and the search and nomination process) | The Board has considered, among others, the recommendation of the Nominating Committee ("NC") and has reviewed and considered the qualifications, expertise, work experience and suitability of Mr Stephen Lau Buong Lik for re-election as the Executive Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr Lau continue to possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. | The Board has considered, among others, the recommendation of the NC and has reviewed and considered the qualifications, expertise, work experience and suitability of Mr. Wong Liang Ying for re-election as the Non-Executive Independent Director of the Company. The Board has accepted the NC's recommendation and concluded that Mr Wong continues to possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board. |
| Whether appointment is executive, and if so, the area of responsibility | Executive. Responsible for overseeing the Hotel Division of the Group | Non-Executive. |
| Job Title (e.g. Lead ID, AC Chairman, AC Member, etc.) | Executive Director | Independent Director<br>Member of Audit Committee<br>Member of Nominating Committee<br>Member of Remuneration Committee |
| Professional qualifications | Bachelor of Arts majoring in Accounting / Member of the Institute of Chartered Accountants in England and Wales | Bachelor of Business Administration from the University of Singapore |
| Working experience and occupation(s) during the past 10 years | Executive Director of Hotel Properties Limited | EVP and Head of Listings/ Head of China Business of Singapore Exchange Ltd<br>(2006 - 2018) |

# ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

| Name of Director | Mr. Stephen Lau Buong Lik | Mr. Wong Liang Ying |
|---|---|---|
| Any relationship (including immediate family relationships) with any existing director/existing executive officer of the Company and/or substantial shareholder or any of its principal subsidiaries | Nil | Nil |
| Conflict of interest (including any competing business) | Nil | Nil |
| Other Principal Commitments including Directorships | | |
| Past 5 years | Nil | Nil |
| Present | Directorship<br>Executive Director of Hotel Properties Limited<br>Director of Hotel Properties Limited's subsidiaries and associated companies. | Directorships<br>Mapletree Pan Asia Commercial Trust Management Ltd |

Mr Stephen Lau Buong Lik and Mr Wong Liang Ying have each:

- Provided an undertaking set out in Appendix 7.7 under Rule 720(1) of SGX-ST.

- Individually confirmed that on each of the questions as set out in paragraphs (a) to (k) of Appendix 7.4.1 to the Listing Manual of the SGX-ST, the answer is "No".

The shareholding interest in the Company and its subsidiaries of each of these Directors are disclosed in the Directors' Statement on pages 20 to 23.

The disclosure on prior experience as a director of an issuer listed on the Exchange and details of prior experience is not applicable as disclosure is applicable to the appointment of Director only.



# PROXY FORM

## ANNUAL GENERAL MEETING

**HOTEL PROPERTIES LIMITED**
(Incorporated in Singapore)
Company Reg No : 198000348Z

**IMPORTANT:**
A member will not be able to attend Annual General Meeting ("**AGM**") in person. If a member (individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it may:

(a) (where the member is an individual) vote "live" via electronic means at the AGM, or (where the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the AGM) to vote "live" via electronic means at the AGM on his/her/its behalf; or

(b) (where the member is an individual or a corporate) 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 as proxy, a member (whether individual or corporate) 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.

This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 4.00 p.m. on April 18, 2023.

**PERSONAL DATA PRIVACY:** By submitting this Proxy Form, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated April 6, 2023.

*I/We, ______________________________ NRIC/Passport no./Co.Reg No: ______________________

of ______________________________________________________________

being *a member/members of Hotel Properties Limited. (the "Company"), hereby appoint:

| Name | Address | NRIC/ Passport No. | Proportion of Shareholding(s) (%) |
|---|---|---|---|
| | | | |

and/or (delete as appropriate)

| | | | |
|---|---|---|---|
| | | | |

or failing him/her, the Chairman of the Annual General Meeting as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Forty-Third Annual General Meeting ("**AGM**") of the Company to be held by way of electronic means on Friday, April 28, 2023 at 4.00 p.m. and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarized below, the proxy/proxies will vote or abstain from voting at his/their discretion:-

| No. | Resolutions relating to: | For* | Against* | Abstain* |
|---|---|---|---|---|
| 1. | Adoption of Directors' Statement and Audited Financial Statements | | | |
| 2. | Declaration of a a first and final one-tier tax exempt dividend of 4 cents per ordinary share and a one-tier tax exempt special dividend of 1 cent per ordinary share for the year ended December 31, 2022. | | | |
| 3. | Approval of Directors' Fees | | | |
| 4. | Re-appointment of Auditors | | | |
| 5. | Re-election of Director (Mr. Stephen Lau Buong Lik) | | | |
| 6. | Re-election of Director (Mr. Wong Liang Ying) | | | |
| 7. | Authority to issue shares pursuant to Share Issue Mandate | | | |
| 8. | Renewal of Share Buy-Back Mandate | | | |

Note:

If you wish to exercise all your votes "For", "Against" or "Abstain" the resolution, please insert [✓] within the relevant box provided. Alternatively, please indicate the number of Shares as appropriate.

Dated this __________ day of __________________ 2023.

| Total Number of Shares held | |
|---|---|
| CDP Register | |
| Register of Members | |

_______________________________________
Signature(s) of Member(s) or,
Common Seal of Corporate Shareholder

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

**IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THIS 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 (as defined in Section 81SF of the SFA), you should insert that number of Shares. If you have Shares registered in your name in the register of members of the Company (the "**Register of Members**"), you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. To keep physical interactions and COVID-19 transmission risk to a minimum, the Company is not providing for physical attendance by members at the AGM. Instead, alternative arrangements relating to members' participation at the AGM are:
   (a) (where the member is an individual) vote "live" via electronic means at the AGM, or (whether the member is an individual or a corporate) appoint a proxy(ies) (other than the Chairman of the Meeting) to vote "live" via electronic means at the AGM on his/her/its behalf; or
   (b) (whether the member is an individual or a corporate) appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM.

   Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

3. Pursuant to Section 181 of the Companies Act 1967 of Singapore, any member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM. Relevant intermediary is either:
   (a) a banking corporation licensed under the Banking Act 1970 of Singapore 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 2001 of Singapore and who holds shares in that capacity; or
   (c) the Central Provident Fund ("**CPF**") Board established by the Central Provident Fund Act 1953 (the "**CPF Act**"), in respect of shares purchased under the subsidiary legislation made under the CPF Act providing for the making of investments from the contributions and interest standing to the credit of members of the CPF, if the CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

   CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least 7 working days before the AGM by 4.00 p.m. on April 18, 2023.

   A Shareholder can appoint the Chairman of the Meeting as his/her/its proxy, but this is not mandatory.

*Fold along this line*

Affix Postage
Stamp Here

**The Share Registrar**
**Boardroom Corporate & Advisory Services Pte. Ltd**
**1 Harbourfront Avenue,**
**#14-07 Keppel Bay Tower,**
**Singapore 098632**

*Fold along this line*

4. A proxy need not be a Shareholder of the Company.

5. A Shareholder of the Company who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote in his stead at the AGM. Such proxy need not be a Shareholder of the Company.

6. The Proxy Form can be submitted in the following manner by 4.00 p.m. on April 26, 2023, being at least 48 hours before the time for holding the AGM:
   (a) if submitted by post, be deposited at the at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
   (b) if submitted electronically, be submitted via email to AGM2023@hotelprop.com.sg

   A Shareholder who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before scanning and sending it by email to the email address provided above, or submitting it by post to the address provided above. Shareholders are strongly encouraged to submit completed proxy forms electronically via email.

7. The instrument appointing a proxy(ies) must be under the hand of the appointer or his attorney duly authorised in writing. Where the instrument appointing a proxy(ies) is executed by a corporation, it must be executed either under its common seal or under the hand of its authorised officer(s) or its attorney duly authorized.

8. Where an instrument appointing a proxy(ies) is submitted by email, it must be authorised in the following manner:
   (a) by way of the affixation of an electronic signature by the appointor or his/her duly authorised attorney or, as the case may be an officer or duly authorised attorney of a corporation; or
   (b) by way of the appointor or his duly authorised attorney or, as the case may be, an officer or duly authorised attorney of a corporation signing the instrument under hand and submitting a scanned copy of the signed instrument by email.

9. The Company shall be entitled to reject the Proxy Form if it is incomplete or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the Proxy Form (including any related attachment) (such as in the case where the appointor submits more than one instrument appointing the Chairman of the AGM as proxy). In addition, in the case of ordinary shares entered in the Depository Register, the Company may reject any Proxy Form lodged if the member, being the appointor, is not shown to have ordinary shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

10 Shareholders should take note that once this proxy form is submitted electronically via email to AGM2023@hotelprop.com.sg or posted/deposited to office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, they cannot change their vote as indicated in the box provided above.

# HOTEL PROPERTIES LIMITED

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Tel: 6734 5250  Fax: 6732 0347
https://www.hotelprop.com.sg
Regn no: 198000348Z