HOTEL ROYAL LIMITED

#SureCan...

Annual Report 2022

..Travel


#SureCanTravel

Most borders have reopened and a new phenomenon emerges – revenge travel. According to air transport agency IATA, international air travel is likely to return to pre-pandemic levels by 2024, one year sooner than expected. This is spurred by people wanting to reconnect with friends and family, as well as to satisfy our individual wanderlust. We call it **#SureCanTravel**.

Contents

Vision

Every Room A Home

Our service credo "Every Room A Home" forms the DNA of our brand promise. It defines our guests' experiences – from the minute that they enter the hotel, right through to the comfort that our guest rooms offer as well as other service touchpoints within the hotel. It also drives the way we remember our guests' preferences, and how each staff member approaches our guests. At Hotel Royal, every guest is part of our family, and we prefer to treat them as one.

Mission

It is by working all together, our Honour to serve you in every Opportunity because every Moment of truth with you counts for us to live up to your Expectation.

Corporate Profile

Listed on the Mainboard of the Singapore Exchange in 1968, Hotel Royal Limited owns a total of 8 hotels in Singapore, Malaysia and Thailand, with its latest acquisition of Hotel Royale Chulan Bukit Bintang in Kuala Lumpur in 2021. The 418-room hotel will be renamed Hotel Royal Signature.

The Group also owns Grand Complex, a prime commercial complex in the central business district of Wellington, New Zealand, which has approximately 278,000 square feet of lettable office and retail space, and 323 carpark lots.

Baba House, which is strategically located in the heart of Melaka's UNESCO Heritage Zone in West Malaysia, officially opened in January 2023 after a five-year refurbishment. The 100-room Baba House, known for its traditional Peranakan architecture, is minutes to Melaka's famed Jonker Street, and close to historical landmarks such as Stadthuys (Dutch Governor's House) and A'Famosa, as well as bustling shopping districts.

Meanwhile, the Group may acquire hotel and investment properties in the Asia-Pacific region to grow its portfolio when opportunities arise.

- **Hotel Royal**
  Singapore
- **Hotel Royal @ Queens**
  Singapore
- **Hotel Royal Kuala Lumpur**
  Kuala Lumpur, Malaysia
- **Hotel Royal Signature**
  Kuala Lumpur, Malaysia
- **Hotel Royal Penang**
  Penang, Malaysia
- **Baba House**
  Melaka, Malaysia
- **Hotel Royal Bangkok @ Chinatown**
  Bangkok, Thailand
- **Burasari Resort**
  Phuket, Thailand

Conversation with The Chairman

"...Our new hotels such as Baba House in Melaka and Hotel Royal Signature in Kuala Lumpur... will lead the way in capturing much of this recovery story."

Yang Wen-Wei
Chairman

We caught up with Chairman Yang Wen-Wei to find out how the Group had fared in FY 2022, and how he sees it going forward:

Hello Mr Yang, thank you for taking time to speak with us. Why have you chosen #SureCanTravel as the theme for this year's communications with shareholders?

2022 was an exciting year for the travel and hospitality industry as many countries in this region began reopening their borders for general travel, particularly those countries that our Group owns and operates hotels in - Singapore, Malaysia and Thailand. The reopening of borders sparked a new phenomenon that is taking the world by storm, a term that we have not used before and was coined specifically for this period of time – revenge travel! We are expecting tourist arrivals to hit 70 to 80 percent of pre-pandemic levels in 2023 and a full recovery possibly by 2024.

How have your hotels coped with this upsurge?

Our staff in all 3 countries have been preparing for this, and they are excited about having more business come through the doors. After more than 2 years of restrictions and uncertainties, they are more than happy to work even harder in the new normal.

Are you also expanding to cope with the increased demand?

In FY 2022, our new hotel in Melaka – Baba House – opened after a five-year refurbishment. This is a 100-key heritage hotel rich in Peranakan culture, located a few minutes' walk from bustling Jonker Street, and within reach of the UNESCO Historic City of Melaka's landmarks such as the 17th-century Stadthuys building (Dutch Governor's House), Melaka River Park and Cruise, Baba and Nyonya Heritage Museum, Cheng Hoon Teng Temple and A'Famosa.

Meanwhile, the renovation of Hotel Royale Chulan Bukit Bintang is progressing on schedule and we are expecting its first-phase opening in the second half of 2023. It will be rebranded as Hotel Royal Signature, a new premium brand that we have developed. This property is expected to be fully refurbished by the second half of 2025.

How do you feel about the Group's performance in FY 2022?

Thanks to the lifting of border restrictions in our key markets, our Hotel segment did reasonably well, nearly doubling revenue to $35.2 million in FY 2022. Revenue from our financial investments also improved, rising 12.2% despite the global volatilities.

Our rental properties in New Zealand, however, did not perform as well. In a recent seismic assessment undertaken by an external qualified engineer on one of the buildings held by a wholly owned subsidiary, Grand Complex Properties Ltd, we were informed that the building needed strengthening work in order to meet the seismic performance requirements in accordance with New Zealand's Building Act 2004. Upon notification, we have engaged professionals to look in the matter and will consider our next course of action once we have completed our due diligence.

As far as the overall bottom line is concerned, while we managed to reduce the net loss by 7.7% in FY 2022, we are hoping that the reopening of China and Hong Kong to international travel in FY 2023 will further boost our business and move us out of negative territory in the quarters ahead.

Any dividends proposed?

In view of the recovery of our hospitality business, the Directors have proposed a one-tier, tax-exempt first and final cash dividend of 2.5 Singapore cents per ordinary share at the forthcoming Annual General Meeting. If approved, the proposed dividend will be paid out at a date to be announced.

The Group announced a rights issue in October 2022 – can you tell us more?

We are pleased that our renounceable non-underwritten rights issue, which was first announced on 7 October 2022, has been over-subscribed. All of the 20,160,000 new ordinary shares offered, at the issue price of $2 per Rights Share for every 5 existing ordinary shares, were taken up. The Rights Issue, which raised a total of $40.32 million, will be used for the repayment of bank borrowings and general working capital purposes, so as to provide the Group with more flexibility to execute our business plans.

What does the immediate future hold for the Group?

We have weathered what we hope is the worst of the storm in the history of Hotel Royal. As we look ahead, we feel cautiously optimistic about the future amidst much uncertainties. While travel grows with more easing of borders, we must be alert to many challenges ahead of us – such as heightened geopolitical risks and concerns about the state of the global economy.

As we navigate these uncertainties, the Group will continue to keep a tight rein on costs while enhancing and digitalising our products to elevate the guest experience, as well as investing in our people. The road ahead will require us to be alert and nimble, even as the hospitality industry continues with its robust recovery.

We envisage that our new hotels such as Baba House in Melaka and Hotel Royal Signature, as well as our existing properties, will lead the way in capturing much of this recovery story. We will continue to upgrade our other properties while looking for opportunities for acquisitions. Meanwhile, we are exploring how Hotel Royal Penang should be repositioned if we decide to reopen the property.

Enhancing the customer experience remains a priority of the Group, which is why we are committed to our 5-Year Roadmap to future-ready our products, services and people. We look forward to having technology and digitalisation enhancing the guest experience, while enabling the Group to achieve new levels of productivity, customer satisfaction and sustainability.

Our managed fund portfolio continues to be subject to the global economic volatilities and geopolitical stresses, and will be closely monitored.

Thank you for taking time to give us your perspective. Are there any parting words?

Yes, I just want to add that while COVID-19 has transformed our industry and our world in ways we could never have anticipated, we are extremely proud of all we have accomplished in 2022 and in dealing with the significant rebound in our business.

I am very grateful to my fellow Board Directors for their wisdom and cooperation, and to the Group's management and staff for their hard work and dedication in delivering the quality service to our customers and guests.

On behalf of the Board, I would also like to thank all of our shareholders for their support all these years.

As we continue on the road to recovery, let us all stay the course and journey to better times ahead!

Board of Directors

Mr Yang Wen-Wei, 51
Independent Non-Executive Chairman

Mr Yang Wen-Wei was appointed to the Board of Directors as an Independent Non-Executive Director on 28 April 2018. Mr Yang was re-designated as the Non-Executive Chairman of the Board on 24 April 2021.

He is the Chairman of the Remuneration and Nominating Committees and a member of the Audit and Risk Committee. He was last re-appointed as a director on 30 April 2022.

Mr Yang is currently the Executive Operating Officer for his family-run business, Merdeka Construction Company Pte Ltd. A commercially astute sales and business development professional in the Information Technologies industry, Mr Yang has built a successful track record. During his diverse and rewarding career, he had the opportunity to work for a number of leading international companies and start-ups to proactively sell customised, technology-driven solutions in the competitive markets. Known for his consultative approach, he has collaborated with different data analytics companies to provide data analysis service to many clients.

He graduated from Northeastern University in America with a Master of Science, Electrical Engineering (Wireless Engineering).

DR TAN KIM SONG, 62
Independent Non-Executive Director

Associate Professor Tan Kim Song was appointed to the Board of Directors on 2 March 2015 and is the Chairman of the Audit and Risk Committee. He is also a member of the Nominating and Remuneration Committees. He was last re-appointed as a director on 27 June 2020.

Dr Tan is currently a faculty member in the School of Economics, Singapore Management University. He has previously worked in Chase, Fleet Boston and other investment banks, primarily in the fixed income market, as well as the Singapore Press Holdings.

He graduated in Economics from Adelaide University (First Class Honours) and holds a PhD from Yale University. He is currently also a member of the Appeal Board, Competition Commission of Singapore.

Mr Lee Kin Hong 69
Non-Executive Director

Mr Lee Kin Hong was appointed to the Board of Directors on 21 June 2002 as a non-executive director. He was last re-appointed as a director on 24 April 2021.

He is currently the Managing Director of The Singapore-Johore Express (Private) Limited and has more than 40 years of experience in managing commercial, industrial and residential projects.

Mr Lee graduated from the National University of Singapore with a Bachelor of Science (Building) and Master of Science (Project Management). He is also a member of the Singapore Institute of Building. Mr Lee Kin Hong is an Honourable Chairman of Sian Chay Medical Institution, a charitable organisation registered with the Ministry of Health.

Mr Lee Khin Tien, 71
Non-Executive Director

Mr Lee Khin Tien was appointed to the Board of Directors on 31 December 1996 as a non-executive director. He is a member of the Audit and Risk Committee, Nominating and Remuneration Committee. He was last re-appointed as a director on 30 April 2022.

He is currently an executive director of The Singapore-Johore Express (Private) Limited and is on the board of Aik Siew Tong Limited and Melodies Limited. He has more than 40 years of experience in real estate, bus transportation and plantation business. He graduated from Nanyang University with a Bachelor of Science (Biology).

Dr LEE CHU MUK, 43
Non-Executive Director

Dr Lee Chu Muk was appointed to the Board of Directors on 27 April 2019 as a non-executive director. He was last re-appointed as a director on 27 June 2020.

He is a director of Hong Ching Pte Ltd and an alternate director of The Singapore-Johore Express (Private) Limited, Aik Siew Tong Limited and Melodies Limited.

Dr Lee graduated from the National University of Singapore (M.B.B.S) in 2003 and has accumulated experience in diagnostic imaging as well as managing acute and chronic medical conditions. He is presently managing his own general practice (M Medical Clinic) since 2013.

Mr Lee Chou Hor George, 63
Non-Executive Director

Mr Lee Chou Hor George was appointed to the Board of Directors as a non-independent and non-executive director on 29 June 2020. He was last re-appointed as a director on 24 April 2021.

He has approximately 40 years of experience working in various organisations such as the Housing and Development Board, Singapore Airlines group and Hotel Royal Group. His areas of responsibilities included financial, leadership and management, as well as real estate and capital markets investments. He is currently a non-executive director of the key subsidiaries of the Hotel Royal Group as well as managing director of several companies in the family-owned/controlled group of companies.

Mr George Lee graduated with Bachelor of Business Administration (Hons) and Master of Business Administration from the Schulich School of Business (York University, Toronto, Canada), a Master of Science (Real Estate) from the National University of Singapore and a Master of Professional Accounting from the Singapore Management University. He is a Chartered Accountant (Singapore) and a Certified Internal Auditor.

Senior Management

Lee Chou Hock | Lee Chu Bing | Lee Zongye | Teow Seok Boey | Lee Si Min | Sazrul Bin Fadzil

LEE CHOU HOCK
Chief Executive Officer

Mr Lee Chou Hock joined the Group in 1985. He is responsible for the management of the day to day operations of the Company and its investments in the subsidiaries. Prior to joining Hotel Royal, he was with a public accounting firm in Singapore. He holds a Bachelor of Accountancy from the University of Singapore and a Master of Business Administration (Hospitality & Tourism Management) from Nanyang Technological University.

LEE CHU BING
Group Director of Operations

Mr Lee Chu Bing joined the Group in 2004 in the Sales & Marketing Department and also assisted in the leasing of the Group's investment properties. He was appointed the General Manager of Hotel Royal @ Queens (Singapore) Pte Ltd in April 2007. He holds a Bachelor of Arts from the National University of Singapore.

In March 2021, he was re-designated as the Group Director of Operations.

LEE ZONGYE ZACH
Group Director of Project Development

Mr Lee Zongye Zach joined the Group in 2018 as the Director of Project Development. He assists the Group in asset management and oversees capital improvement projects to the Group's real estate portfolio.

Prior to joining Hotel Royal Group, he has experience as an Architect and Project Manager in the United States and Singapore. He holds a Masters Degree in Architecture from Cornell University, and a Masters Degree in Real Estate from Harvard University.

TEOW SEOK BOEY
Chief Financial Officer

Ms Teow Seok Boey joined the Group in September 2022 as Chief Financial Officer. She oversees the Group's overall financial and accounting function, including financial reporting, taxation and other corporate and regulatory matters of the Group.

Prior to joining Hotel Royal Group, she was a Senior Audit Manager with an international public accounting firm in Singapore. She holds a Bachelor of Accountancy (Honours) from University Utara Malaysia and is a member of Malaysian Institute of Accountants.

LEE SI MIN
General Manager
Hotel Royal @ Queens

Ms Lee Si Min joined the Group in 2020 as Assistant General Manager of Hotel Royal @ Queens (Singapore) Pte Ltd before being promoted to General Manager in March 2021.

Prior to joining the Group, Si Min was Senior Manager for Meetings and Incentive Travel at Singapore Tourism Board.

She began her career with sales and marketing roles at Singapore Marriott Hotel and Wooloomooloo Group Singapore after graduating from the University of Queensland, Australia with a bachelor's degree in International Hotel and Tourism Management (double major in Hospitality and Event Management).

SAZRUL BIN FADZIL
Regional General Manager
Hotel Royal Kuala Lumpur

Sazrul Bin Fadzil joined the Group in 2010 as General Manager of Hotel Royal Kuala Lumpur. He was recently appointed as Regional General Manager for Malaysia properties after 12 years stint with Hotel Royal Group.

After graduating from University of Institute Technology MARA Malaysia's Hotel and Catering Management School, he was selected for a one-year industrial training in ANA Hotel group in Tokyo, Japan as part of All Nippon Airways' scholarship programme. While in Japan, Mr Sazrul gained in-depth knowledge and experience in hotel management particularly in Front Office, Housekeeping, Maintenance and Security.

He started his career in 1990 as a management trainee in Rasa Sayang Resort, Penang, following which he joined the Genting Highlands Resorts for six years. He later took on a senior management role mainly in the opening and rebranding of new hotel properties.

Active as a NGO participant, Mr Sazrul is a committee member of Malaysia Association of Hotels and Vice Chairman of the Kuala Lumpur Chapter. In addition, he is also a Certified Inspector for the Ministry of Tourism, Arts and Culture, Malaysia where he evaluates star ratings for hotel properties, and a Certified Hotel Trainer for the American Hotel & Resort Association.

Our Business Footprint

THAILAND

Hotel Royal Bangkok (Thailand) Co., Ltd
Owns and manages Hotel Royal Bangkok @ Chinatown

Excellent Hotel (Thailand) Co., Ltd
Investment in subsidiary

Panali Co., Ltd.
Owns Burasari Resort

MALAYSIA

Prestige Properties Sdn. Bhd.
Investment in subsidiaries

Faber Kompleks Sdn. Bhd.
Owns and manages Hotel Royal Penang and Penang Plaza

Premium Lodge Sdn. Bhd.
Owns and manages Hotel Royal Kuala Lumpur

Baba Residences Sdn. Bhd.
Owns and manages Baba House

Every Room A Home Sdn. Bhd.
Owns and manages Hotel Royal Signature

SINGAPORE

Hotel Royal Limited
Owns and manages Hotel Royal and Metro Residences

Royal Properties Investment Pte Ltd
Investment in properties and subsidiaries

Royal Capital Pte Ltd
Investment in financial assets

Castle Mall Properties Pte Ltd
Provision of intercompany loans

Hotel Royal @ Queens (Singapore) Pte Ltd
Owns and manages Hotel Royal @ Queens

Hotel Royal (Thailand) Private Limited
Investment in subsidiaries

NEW ZEALAND

Grand Complex Properties Limited
Owns and manages Grand Complex Properties


#SureCanTravel
Yay, we can all travel again!
Mommy and daddy said, "Borders are open – let's all go to Phuket for a holiday!" We said "Yay!", packed our bags, endured a long flight, and couldn't wait to jump into the pool after we checked in. It's great to feel alive again!

Corporate Milestones

1968

Incorporated and listed on Main Board of Singapore Exchange

1969

Construction of Hotel Royal Singapore commenced

1972

Hotel Royal Singapore commenced operations

1992

Purchased Castle Mall Shopping Centre in NSW, Australia and sold in September 2002

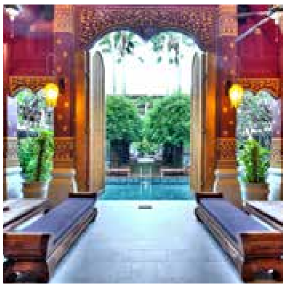
2010

Acquired Hotel Royal Kuala Lumpur in Kuala Lumpur, Malaysia

2011

Acquired Hotel Royal Bangkok @ Chinatown in Bangkok, Thailand

Redevelopment of Royal Residences (formerly Star Mansion) at 1A Surrey Road completed



2014

Acquired Burasari Resort in Phuket, Thailand

2015

Acquired Baba House in Melaka, Malaysia

1995

Purchased Grand Complex mixed commercial/retail development in Wellington, New Zealand

2004

Purchased Dapanso Building at 158 Cecil Street Singapore

Purchased Hotel Royal @ Queens at Queen Street Singapore

2007

Disposal of Dapenso Building at Cecil Street Singapore

Acquired Star Mansion at 1A Surrey Road Singapore

2008

Purchased Hotel Royal Penang and Penang Plaza in Penang, Malaysia

2017

Commencement of major upgrading of Baba House in Melaka into a heritage boutique hotel.

2019

Acquired Baba Mansion adjacent to Baba House, as part of Baba House's redevelopment

2021

Hotel Royal Signature (former Hotel Royale Chulan Bukit Bintang) joins as the Group's second hotel in Kuala Lumpur, Malaysia.

2022

Our latest hotel in Melaka, Malaysia - Baba House – soft launched in September 2022 and had its grand opening in January 2023 after a five-year refurbishment.

Baba House

A FORAY INTO WELLNESS AND CULTURE

Hotel Royal Group welcomes Baba House Melaka into our collection. This 100-room boutique hotel soft launched in September 2022 and had its grand opening in January 2023. Baba House offers the Group a unique opportunity to develop its wellness and cultural hospitality offerings.

Baba House is a picturesque boutique hotel located in the heart of Melaka's UNESCO Heritage Zone. It has been exquisitely designed to invoke a nostalgic ambience of the Peranakan Baba & Nyonya culture, and in the process contributing to the conservation of Melaka. As our guests explore the hotel, they will find clues of Peranakan history and stories that they could share with their family and friends. Guests will be able to experience the intricacies of Melaka's rich Peranakan history, right down to their lodging and meals. This is a project that the local Peranakan community should be able to relate to and be proud of.

We speak to Mr Lee Zongye Zach, the Group's Director of Project Development, to give us some insight into the creation of Baba House:

Hi Zach, thank you for joining us. Congratulations on the opening of Baba House!

Thanks for having me! It brings us unbelievable joy to present the newly-renovated Baba House, and even greater excitement for what the future holds. This has been a long but rewarding journey.

Tell us more about the hotel. What was the vision for this hotel?

Our intention was to create a heritage boutique hotel that offers a unique guest experience that couldn't be easily replicated by our competitors. We respectfully preserved the historical architectural expressions of Baba House, while introducing the familiar comforts of modern living in this beautiful historic setting. Other than functioning as a hotel, we hope that Baba House will contribute to the conservation of heritage-rich Melaka.

That is an intriguing thought. Can you describe this unique guest experience?

A picturesque Peranakan hideaway in the heart of the UNESCO zone. We have carefully curated a journey into the hotel that helps our guests relax. The lush garden entrance helps you filter the hustle and bustle of the city and be serenaded by the sounds of nature as you enter the lobby. Once in the hotel, you are surrounded by plants and a sense of calm as you immerse in the beautiful architecture.

The architecture and interiors are certainly beautiful. We have noticed Baba House's presence on social media. Was that intentional?

Certainly! As we were designing the place, it was important to make the spaces "Instagrammable". We wanted our guests to have a memorable experience and be able to effectively document and share those memories. The stories that our guests tell on social media are very precious to us. They give everyone involved a great sense of pride and joy. We will include a QR code on our socials for your convenience!

So what does the future hold for Baba House?

To begin, we need to iron out any teething issues and maintain a high level of service and guest satisfaction. We have plans to further expand Baba House. Our guests' feedback and suggestions will play a role in deciding what the new expansion will look like.

Thanks for the interview. I look forward to visiting Baba House.

Thank you. Be sure to sample our original Baba House cocktails and cendol while you are there!

Scan and find out more about Baba House Melaka

Introduction to Baba House	Home Page	Instagram	Facebook

▲ **Historical Façade**
Did you know Baba House has over 300 years of history? Baba House was built in the 1700s and went through a partial rebuilt in 1802. The latest renovation was completed in 2022, and the hotel had its Grand Opening in January 2023.

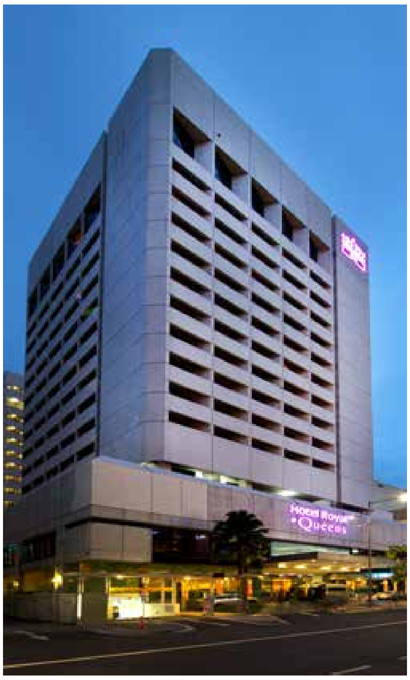
▲ **Baba House Chambers**
Baba House presents a selection of rooms. They are named Bilek Gua, which is the Peranakan language for Chambers. Many of the rooms have their own unique personality due to the irregular floor plan of the heritage building. You will find rooms suitable for couples, as well as families here.

◀ **Courtyard**
This gorgeous courtyard is a crowd favourite, and one of the most photographed spots in Baba House. The beautifully restored murals are complemented with the sounds of water from the water feature and the koi fishes in the pond.

The courtyard, one of the main features of a Peranakan house, is unique to Southeast Asia. Functionally, it allows for natural ventilation and light to enter the deep reaches of the long house. Spatially, it serves as a focal point for spaces to be organized around it. The courtyard is often the most socially active space in the home.

Group's Major Properties

Hotel Royal Newton, Singapore



Hotel Royal @ Queens, Singapore

Metro Residences, Singapore

Location	Name of Property	Description and Area	No. of Guest Rooms	Tenure
HOTELS				
Singapore	**Hotel Royal** 36 Newton Road	Land area of about 7,200 sq m Hotel building with built-up area of approximately 23,500 sq m	362	Freehold
	Hotel Royal @ Queens 12 Queen Street	Land area of about 1,979 sq m Hotel building with built-up area of approximately 14,605 sq m	236	Freehold
Malaysia	**Hotel Royal Kuala Lumpur** Jalan Walter Grenier 55100 Kuala Lumpur	Land area of about 773 sq m Hotel building with built-up area of approximately 20,027 sq m	285	Freehold
	Hotel Royal Signature 17-21, Bukit Bintang Street 55100 Kuala Lumpur	Land area of about 3,189 sq m Hotel building with built-up area of approximately 47,821 sq m	418	Freehold
	Hotel Royal Penang 3 Jalan Laut, Georgetown Penang	Land area of about 3,495 sq m Hotel building with built-up area of approximately 28,569 sq m	281	Freehold
	Baba House[1] No. 121, 123, 125,127, 129, 131, 133, 135 Jalan Tun Tan Cheng Lock, Melaka	Land area of about 4,138 sq m Hotel building with built-up area of approximately 10,428 sq m	100	Freehold / Leasehold
Thailand	**Hotel Royal Bangkok @ Chinatown** Yaowaraj Road, Bangkok	Land area of about 1,480 sq m Hotel building with built-up area of approximately 19,082 sq m	290	Freehold
	Burasari Resort 18/110 Ruamjai Road Phuket	Land area of about 6,722 sq m Hotel building built-up area of approximately 11,441 sq m	184	Freehold
		Total Number of Guest Rooms	**2,156**	

Hotel Royal Signature
Malaysia

Hotel Royal Kuala Lumpur,
Malaysia

Hotel Royal Penang, Malaysia

Penang Plaza, Malaysia

Baba House, Melaka, Malaysia

Burasari Resort, Phuket, Thailand

Hotel Royal Bangkok @ Chinatown, Thailand

Location	Name of Property	Description and Area	Tenure
INVESTMENT PROPERTIES			
Singapore	**Metro Residences**[2] 1A Surrey Road	Land area of about 718 sq m Residential building with total lettable area of about 1,720 sq m (The Company has a 91.63% share of the above property. The remaining 8.37% is owned by a related party)	Freehold
	Kapo Factory Building #05-14	Flatted factory unit Strata floor area of about 157 sq m	Freehold
	Tong Lee Building #02-14, #06-02, #07-02 and #09-08	Factory unit Strata floor area of about 277 sq m each (total of 1,108 sq m)	Freehold
Malaysia	**Penang Plaza** 126 Jalan Burma Georgetown, Penang	Land area of about 5,498 sq m Shopping centre and offices with total lettable retail area of 5,956 sq m; total lettable office area of 2,378 sq m and 88 carpark lots	Freehold
New Zealand	**Grand Complex Properties** 16-20 Willis Street 22-42 Willis Street 80 Boulcott Street 84 Boulcott Street Wellington	Land area of about 6,872 sq m Shopping centre and offices with lettable retail area of 4,336 sq m; Childcare of 793 sq m and lettable office area of 20,683 sq m and 323 carpark lots	Freehold

1 50.09% is freehold and 49.91% is leasehold
2 Previously knows as Royal Residences

Group's Financial Highlights

	2022	2021	2020	2019	2018
For the year ($'000)					
Revenue	41,890	26,280	30,618	57,690	60,080
Gross Profit	17,141	5,081	8,823	27,325	30,244
Earnings (Loss) before Interest, Taxation, Depreciation and Amortisation (EBITDA)	9,865	8,450	(9,343)	20,678	23,220
(Loss) Profit before income tax	(2,934)	(3,358)	(20,101)	8,377	10,312
(Loss) Profit attributable to Owners of the Company	(3,439)	(3,726)	(20,844)	4,862	6,942
Finance Costs	(5,797)	(4,163)	(2,971)	(4,048)	(4,228)
Net Cash from (used in) Operating Activities	5,711	(3,033)	(3,243)	11,942	20,477
Capital Expenditure	10,222	74,297	9,955	16,373	9,538
At year end ($'000)					
Total Assets	826,325	794,146	782,811	838,574	807,393
Total Liabilities	195,206	217,598	150,347	150,205	138,043
Total Equity	631,119	576,548	632,464	688,369	669,350
Cash and Bank Balances	47,023	29,139	16,202	20,903	29,269
Property, Plant & Equipment	644,157	615,647	614,389	671,464	647,679
Investment Properties	101,318	109,772	107,705	102,077	93,887
Total Borrowings	174,305	196,131	127,518	115,394	105,033
Asset Revaluation Reserve	372,300	338,010	382,010	424,469	407,913
Financial Ratios					
Revenue Growth (%)	59.40	(14.17)	(46.93)	(3.98)	(2.28)
Net Profit Growth (%)	7.70	82,12	(528.71)	(29.96)	(8.31)
Revalued Net Assets Value (RNAV) ($'million) [(1) (2)]	783.44	723.75	764.15	843.72	829.82
Debt to RNAV (times)	0.22	0.27	0.17	0.14	0.13
Per Share Information					
(Loss) Earnings per Share (cents) before Income Tax [(3)]	(2.86)	(3.32)	(19.94)	8.31	11.17
(Loss) Earnings per Share (cents) after Income Tax [(3)]	(3.35)	(3.69)	(20.68)	4.82	7.52
Net Assets Value (NAV) per Share ($)	5.22	5.72	6.19	6.83	6.64
Revalued Net Assets Value (RNAV) per Share ($) [(1) (2)]	6.48	7.18	7.58	8.37	8.23
Dividend per Share ($)	0.025	0.025	0.025	0.06	0.05
Number of Shares					
Number of Shares as at year end (million)	120.960	100.800	100.800	100.800	100.800
Weighted average number of Shares (million)	102.740	101.049[(4)]	100.800	100.800	100.800
Market capitalisation ($'million)					
at year end	246.76	312.48	274.18	303.41	300.38

(1) The revaluation surplus (net of tax effect) arising from land and buildings have been included in determining the Adjusted Net Assets Value.
(2) Calculated based on the number of Shares as at end of reporting period.
(3) Calculated based on the Group's loss after income tax divide by the weighted average number of Shares.
(4) Adjusted for the effects of the bonus element of the Rights Issue as disclosed in Note 21 to the financial statements. This is in accordance with the requirements of SFRS(I) 1-33 Earnings Per Share.

Value-Added Statement

	2022 $'000	2021 $'000	2020 $'000	2019 $'000	2018 $'000
Revenue earned	41,890	26,280	30,618	57,690	60,080
Less: Cost of sales	(24,749)	(21,199)	(21,795)	(30,365)	(29,836)
Gross value-added from operations	17,141	5,081	8,823	27,325	30,244
Other income	3,765	20,503	983	565	548
Other expenses	(4,585)	(12,140)	(16,199)	(2,206)	(2,495)
Net foreign exchange adjustment (loss) gain	(1,257)	(1,474)	(330)	978	276
Total value-added	15,064	11,970	(6,723)	26,662	28,573
Distribution:					
To employees in salaries and other related costs	11,278	7,999	8,968	15,757	15,387
To government in corporate and other taxes	505	368	743	3,515	3,370
To providers of capital:					
- Interest paid on borrowing from banks	5,797	4,163	2,971	4,048	4,228
Retained for re-investment and future growth					
- Depreciation and amortisation	7,002	7,645	7,787	8,253	8,680
- Accumulated losses	(8,893)	(15,054)	(41,962)	(4,844)	(3,079)
Non-production costs and income:					
- Allowance for doubtful receivables	193	154	320	12	70
- Bad debt expense	204	-	-	-	4
- Write back of allowance for doubtful receivables	(265)	(222)	(18)	(2)	(87)
- Fair value (gain) loss on derivative financial instruments	-	(196)	196	-	-
- Impairment loss on property, plant and equipment	-	7,209	8,765	-	-
- Impairment loss on goodwill	-	-	2,007	-	-
- Impairment loss on investment properties	1,998	-	3,500	-	-
- Reversal of impairment loss on investment properties	-	(96)	-	-	-
- Reversal of impairment loss on property, plant and equipment	(2,755)	-	-	(77)	-
Total distribution	15,064	11,970	(6,723)	26,662	28,573
PRODUCTIVITY DATA					
Number of employees	424	431	568	750	756
Value-added per employee ($'000)	35.53	27.77	(11.84)	35.55	37.79
Value-added per $ of employee cost	1.34	1.50	(0.75)	1.69	1.86
Value-added per $ revenue earned	0.36	0.46	(0.22)	0.46	0.48
Value-added per $ of investment in investment properties, property, plant and equipment	0.02	0.02	(0.01)	0.03	0.04


#SureCanTravel
Home away from home
No need to make our beds - that's one of the great things of being on holiday and staying in a hotel. At home, Mom would always have us put things away. While on holiday, I'm free as a bird and I can fly!


command
option
control

Operation and Financial Review

THE GROUP'S CORE ACTIVITIES ARE AS FOLLOWS:

A) HOTEL OPERATIONS

The Group owns and operates a chain of 8 hotels in Singapore, Malaysia and Thailand, such as its flagship Hotel Royal Singapore and Hotel Royal @ Queens in Singapore; Hotel Royal Kuala Lumpur, Hotel Royal Penang, Baba House, Melaka and Hotel Royal Signature (formerly known as Hotel Royale Chulan Bukit Bintang) in Malaysia, and Hotel Royal Bangkok @ Chinatown and Burasari Resort, Phuket in Thailand.

B) PROPERTY INVESTMENTS

The Group's investment properties, which derives rental income, are located in Singapore, Malaysia and New Zealand.

C) FINANCIAL INVESTMENTS

The Group invests in a portfolio of shares, bonds, funds and other investment instruments to generate a stable stream of income through interest, dividends and capital appreciation.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (extract)
Year ended 31 December 2022

	2022 $'000	2021 $'000	Change %
Revenue			
Hotel operations segment	35,197	18,321	92.1
Property investments segment	6,289	7,599	(17.2)
Financial investments segment	404	360	12.2
Total revenue	**41,890**	**26,280**	**59.4**
Less: Cost of sales	(24,749)	(21,199)	16.7
Gross profit	**17,141**	**5,081**	**>100**
Less: Operating expenses	(12,201)	(11,165)	9.3
Add: Other income	3,765	20,518	(81.7)
Less: Other expenses	(5,842)	(13,629)	(57.1)
Less: Finance costs	(5,797)	(4,163)	39.3
Loss before income tax	**(2,934)**	**(3,358)**	**(12.6)**
Less: Income tax expense	(505)	(368)	37.2
Loss for the year attributable to owners of the Company	**(3,439)**	**(3,726)**	**(7.7)**

Operation and Financial Review

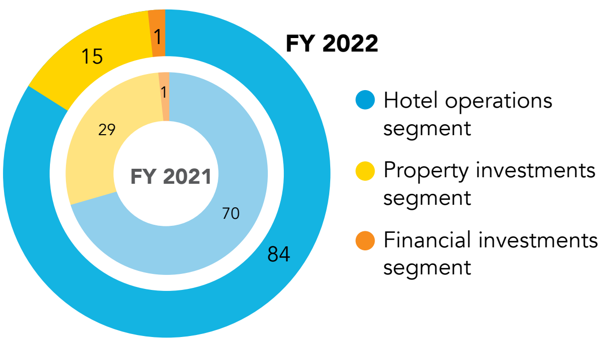
REVENUE

Group revenue comprises proceeds from room sales, food and beverage ('F&B") operations, as well as income from investment properties and financial instruments.

In FY 2022, the increase in business travel and tourist arrivals to Singapore, Malaysia and Thailand led to a 92.1% increase in revenue from the Group's hotel segment to $35.20 million.

	Financial year ended 31 Dec 2022		2021		Increase	(Decrease)
	$'000	%	$'000	%	$'000	%
Hotel operations segment	35,197	84	18,321	70	16,876	92.1
Property investments segment	6,289	15	7,599	29	(1,310)	(17.2)
Financial investments segment	404	1	360	1	44	12.2
	41,890	**100**	**26,280**	**100**	**15,610**	**59.4**

REVENUE BY SEGMENT (%)



Revenue from the Group's 3 segments increased by 59.4% to $41.89 million.

Following the recovery of business with the easing of the border control in Singapore, Thailand and Malaysia, an upward trend in the Group's hotel revenue was observed. This resulted in a 92.1% increase in revenue from $18.32 million to $35.20 million in FY 2022.

The Group's property investment revenue derives primarily from rental collections. Rental income from investment properties declined by 17.2% to $6.29 million in FY 2022 mainly due to lower occupancy at its New Zealand properties.

The Group's financial investment was volatile due to the pandemic and geo-political situations in 2022. Notwithstanding, its financial investment revenue had an uplift of 12.2% to $0.4 million during the year.

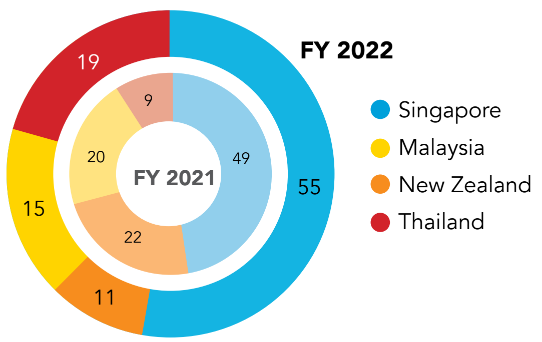
	Financial year ended 31 Dec				Increase	(Decrease)
	2022		2021			
	$'000	%	$'000	%	$'000	%
Singapore	22,984	55	12,922	49	10,062	77.9
Malaysia	6,357	15	5,267	20	1,090	20.7
Thailand	8,122	19	2,262	9	5,860	>100
New Zealand	4,427	11	5,829	22	(1,402)	(24.1)
	41,890	**100**	**26,280**	**100**	**15,610**	**59.4**

On a geographical basis, the Group's operations in Singapore, Malaysia and Thailand improved due to recovery of business with the easing of border control.

Sales from Singapore, which accounted for 55% of total revenue in FY 2022, improved by 78% to $22.98 million, while Malaysia, which accounted for 15% of total sales, reported a 21% increase to $6.36 million. Thailand, which accounted for 19% of total sales, saw an improvement from $2.26 million in FY 2021 to $8.12 million in FY 2022.

Rental income from its investment properties in New Zealand, posted a 24.1% decline in revenue, from $5.83 million to $4.43 million.

REVENUE BY GEOGRAPHICAL LOCATION (%)



Operation and Financial Review

PROFITABILITY

During the year in review, the Group's gross profit improved from $5.08 million in FY 2021 to $17.14 million in FY 2022.

Other income reduced by 81.7% from $20.52 million in FY 2021 to $3.77 million in FY 2022 mainly due to a lack of one-off gains in the reporting period. In FY 2021, a gain on disposal of a unit in Maxwell House and a bargain purchase arising from the acquisition of Hotel Royale Chulan Bukit Bintang were recorded. In FY 2022, the Group recorded other income of $2.76 million from write back of impairment loss of Thailand's and Malaysia's properties.

These led to the Group posting a pre-tax loss of $2.93 million in FY 2022.

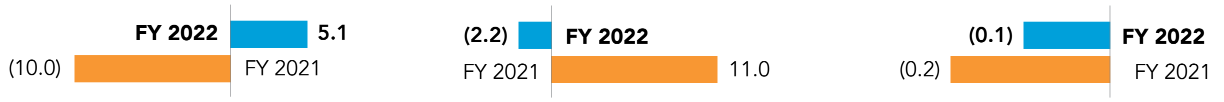
The Group's loss after income tax decreased 7.7% from $3.73 million in FY 2021 to $3.44 million in FY 2022. Adjusting for one-off items in FY 2021 and FY 2022, the Group registered an adjusted loss after income tax of $4.20 million in FY 2022, a 61.4%, $6.68 million, reduction in loss from FY 2021's adjusted loss after income tax of $10.88 million.

ADJUSTED LOSS AFTER INCOME TAX

	2022 $'000	2021 $'000	+(-) $'000	+(-) %
Loss after income tax	(3,439)	(3,726)	287	(7.7)
Adjusting for one-off items				
Bargain purchase	-	(8,328)	8,328	(100)
Gain on disposal of Maxwell House	-	(9,920)	9,920	(100)
Reversal of impairment of PPE/IP	(2,755)	(96)	(2,659)	>100
Expenses related to acquisition	-	3,986	(3,986)	(100)
Impairment loss on IP/ PPE	1,998	7,209	(5,211)	(72.3)
Adjusted loss after income tax	(4,196)	(10,875)	6,679	(61.4)

PROFITABILITY BY SEGMENT ($ million)

Hotel operations segment **Property investments segment** **Financial investments segment**



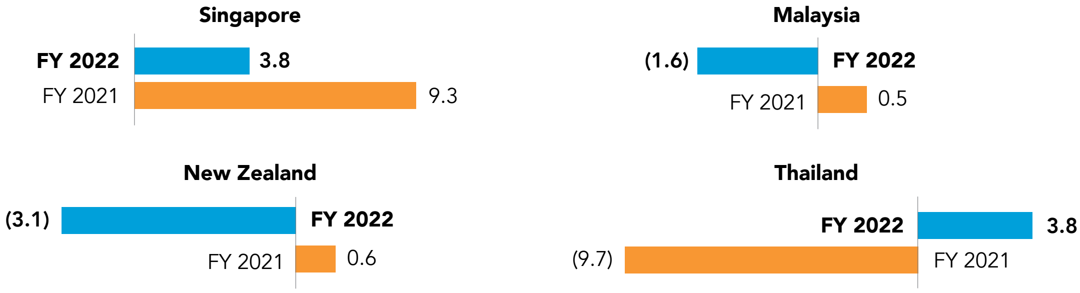
	Financial year ended 31 Dec 2022 $'000	2022 %	2021 $'000	2021 %	Increase (Decrease) $'000	Increase (Decrease) %
Hotel operations segment	5,133	179	(10,033)	(1,246)	15,166	>100
Property investments segment	(2,154)	(75)	11,022	1,369	(13,176)	(>100)
Financial investments segment	(116)	(4)	(184)	(23)	68	37.0
Profit (Loss) before interest and income tax	**2,863**	**100**	**805**	**100**	**2,058**	**>100**

The Group's hotel segment saw its profit increase, from a loss before interest and income tax of $10.03 million in FY 2021 to a profit before interest and income tax of $5.13 million in FY 2022.

The Group's property segment, reported a loss before interest and income tax of $2.15 million in FY 2022. The increase in loss before interest and income tax was primarily due to the lack of one-off gains being recorded in FY 2022. In FY 2021, a gain on disposal amounting to approximately $9.92 million from the sale of a unit in Maxwell House was recorded. In additional to the former, an impairment on New Zealand's properties was also recognised in this financial year.

The Group's financial investments segment recorded a loss before interest and income tax of approximately $0.12 million.

PROFITABILITY BY GEOGRAPHICAL LOCATION ($ million)



	Financial year ended 31 Dec				Increase	(Decrease)
	2022		2021			
	$'000	%	$'000	%	$'000	%
Singapore	3,762	131	9,320	1,158	(5,558)	(59.6)
Malaysia	(1,612)	(56)	538	67	(2,150)	(>100)
Thailand	3,799	133	(9,692)	(1,204)	13,491	>100
New Zealand	(3,086)	(108)	639	79	(3,725)	(>100)
Profit before interest and income tax	**2,863**	**100**	**805**	**100**	**2,058**	**>100**

Along with the overall increase in revenue, the Group's profit before interest and income tax improved from $0.81 million in FY 2021 to a profit before interest and income tax of $2.86 million in this financial year. The Group's profit before interest and income tax in Singapore registered a profit of $3.76 million, a decrease of $5.56 million against the preceding year. The reason for the decrease in FY 2022 was mainly due to the gain arising from sale of the Group's unit in Maxwell House in FY 2021.

During the year in review, Malaysia and New Zealand recorded loss before interest and income tax of $1.61 million and $3.09 million respectively. This was mainly due to lack of one-off bargain purchase arising from the acquisition of Hotel Royale Chulan Bukit Bintang in Malaysia and impairment of New Zealand's properties in this financial year, while Thailand enjoyed a profit before interest and income tax of $3.80 million, mainly due to write back of impairment loss of Bangkok's building.

Operation and Financial Review

CASHFLOW

In FY 2022, the Group registered a net cash surplus of $5.71 million from operating activities, as a result of recovery of business. The Group invested a total of $9.50 million in capital expenditure for upgrading of its investment properties and hotel portfolio. The net cash from financing of $20.86 million was mainly due to net proceeds from rights issue and offset by net principal loan repayments and dividend payment during the financial year.

As at 31 December 2022, the Group's cash and bank balances stood at $47.02 million.

GROUP CASH AND BANK BALANCES

	FY 2022 $'000	FY 2021 $'000	FY 2020 $'000	FY 2019 $'000	FY 2018 $'000
Cash on hand	124	113	110	154	174
Cash at bank	13,069	16,703	12,251	18,664	15,632
Fixed deposits	33,830	12,323	3,841	2,085	13,463
Total	**47,023**	**29,139**	**16,202**	**20,903**	**29,269**

The Group's cash and bank balances comprise of cash on hand, cash at bank and fixed deposits. The fixed deposits of subsidiary companies are pledged for loan facilities which are secured by a mortgage over the subsidiary's freehold hotel property, investment property, fixed and floating charges on all the assets of the subsidiary, subordination of intercompany advances made to the subsidiary, fixed deposits and corporate guarantee from the Company.

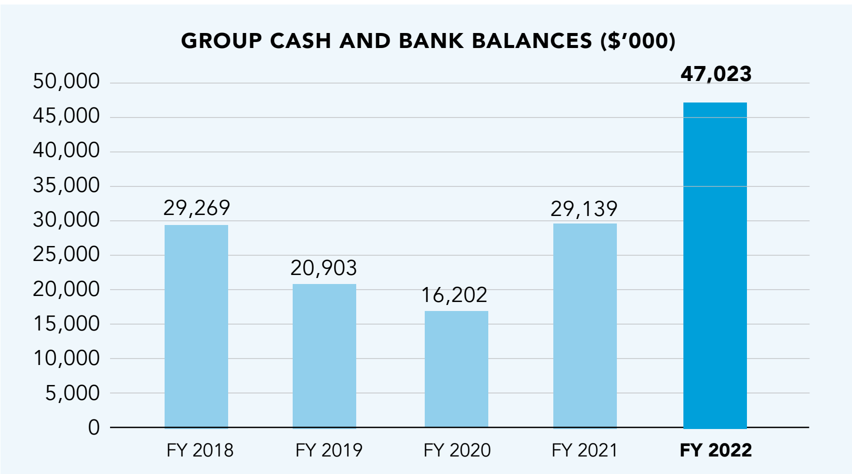
The short-term fixed deposits earn interest ranging from 1.85% to 4.00% per annum, with terms ranging from one month to twelve months.

The increase was derived from the operating activities of the hotel, investment properties and fund management, mainly due to recovery of business with gradual easing of the border control in Singapore, Thailand and Malaysia.

The decrease was mainly due to the acquisition of Hotel Royale Chulan Bukit Bintang in FY 2021, offset by upgrading works for Hotel Royal Signature (formerly known as Hotel Royale Chulan Bukit Bintang) and Baba House in Malaysia, and properties in New Zealand during the financial year.

The decrease was due to proceeds from bank loans for the acquisition of Hotel Royale Chulan Bukit Bintang in FY 2021, and offset by net proceeds from rights issue during the financial year.

	2022 $'000	2021 $'000
Net cash from (used in) operating activities	5,711	(3,033)
Net cash used in investing activities	(9,501)	(55,053)
Net cash from financing activities	20,861	71,347
Net increase in cash and cash equivalents	17,071	13,261
Cash and cash equivalents at end of year	**44,772**	**28,103**
Add fixed deposits pledged	2,251	1,036
Cash and bank balances at end of year	**47,023**	**29,139**



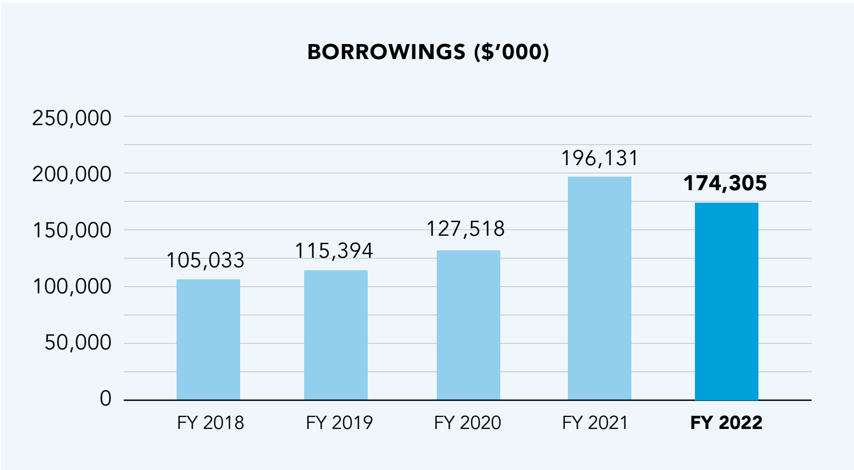
GROUP BORROWINGS

	FY 2022 $'000	FY 2021 $'000	FY 2020 $'000	FY 2019 $'000	FY 2018 $'000
Secured	**174,305**	196,131	127,518	115,394	105,033

The Group's borrowings comprise short-term and long-term bank loans.

From FY 2019 to FY 2021, the Group's borrowings increased from new loan drawdowns for the acquisition of Hotel Royale Chulan Bukit Bintang, the redevelopment of Baba House and upgrading of Grand Complex in new Zealand.

From FY 2021 to FY 2022, the Group's bank borrowings have decreased as the Group had repaid part of its bank loan.



Operation and Financial Review

The Group's total shareholders' equity increased by 9.5% to $631.12 million mainly due to rights issue during the financial year and increase in assets revaluation reserve primarily arising from increase in land valuation from 2 hotels in Singapore.

In FY 2022, the Group continued to upgrade its hotel and investment properties progressively, and to enhance its market share in these countries.

STATEMENTS OF FINANCIAL POSITION (extract)
31 December 2022

Total Assets – increase by $32.18 million or 4.1% as at 31 December 2022.

- Increase in property, plant and equipment of $28.51 million was mainly due to revaluation surplus arising from freehold hotel land in Singapore, upgrading works for Hotel Royal Signature (formerly known as Hotel Royale Chulan Bukit Bintang) and Baba House in Malaysia, net write back of impairment loss of Thailand's and Malaysia's properties.
- Decrease in investment properties of $8.45 million was mainly due to impairment loss and depreciation recognised during the financial year.
- Decrease in trade and other receivables of $3.07 million was mainly due to prompt repayment from the trade receivables and decrease in insurance repayment.
- Increase in cash and bank balances of $17.89 million was mainly due to the net proceeds from rights issue during the financial year and offset by partial repayment of bank loans.

Total Liabilities – decrease by $22.39 million or 10.3% as at 31 December 2022.

- Decrease in bank borrowings of $21.83 million was mainly due to net repayment of bank loans during the financial year.

Capital and reserves – increase by $54.57 million or 9.5% as at 31 December 2022.

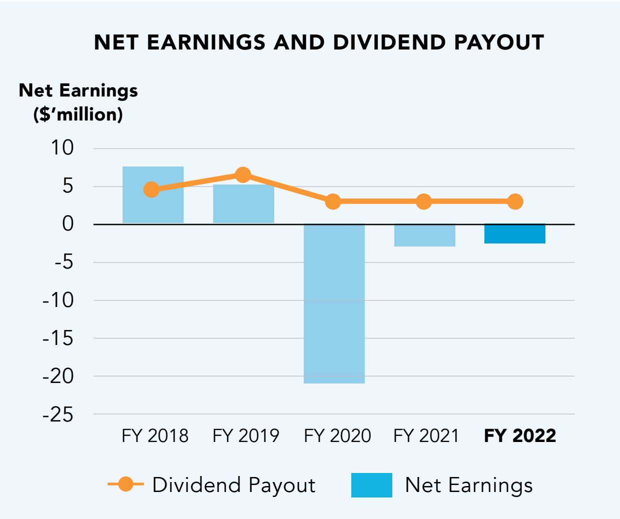
- Increase in share capital of $40.17 million as a result of rights issue during the financial year.
- Increase in assets revaluation reserve of $34.29 million primarily arising from increase in land valuation from 2 hotels in Singapore.
- Increase in translation reserve loss of $11.94 million was mainly due to the strengthening of SGD against RM, THB and NZD.

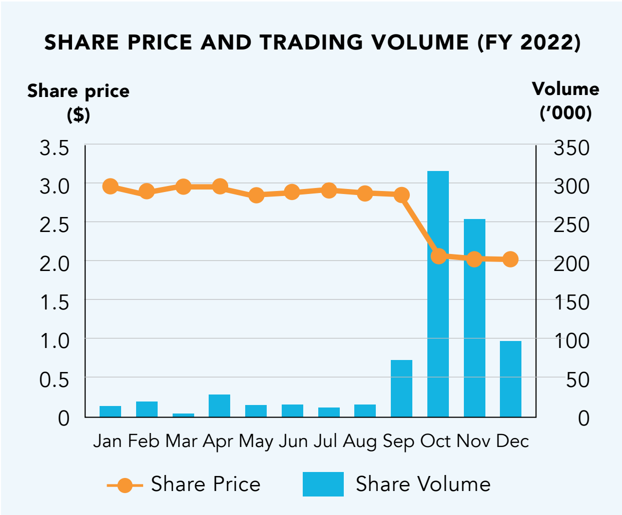
	2022 $'000	2021 $'000	Change %
Total Assets	**826,325**	**794,146**	**4.1**
- Property, plant and equipment	644,157	615,647	4.6
- Investment properties	101,318	109,772	(7.7)
- Investments	28,605	31,362	(8.8)
- Inventories	716	918	(22.0)
- Trade receivables and other receivables	3,683	6,749	(45.4)
- Cash and bank balances	47,023	29,139	61.4
Total Liabilities	**195,206**	**217,598**	**(10.3)**
- Trade and other payables	8,832	8,973	(1.6)
- Tax liabilities	11,710	12,203	(4.0)
- Bank borrowings	174,305	196,131	(11.1)
Capital and reserves	**631,119**	**576,548**	**9.5**
- Share capital	190,836	150,665	26.7
- Asset revaluation reserve	372,300	338,010	10.1
- Fair value reserve	16,217	17,645	(8.1)
- Translation reserve	(14,133)	(2,190)	>100
- Retained earnings	65,884	72,386	(9.0)

SHAREHOLDER RETURNS

The Group aims to establish long-term capital growth for its shareholders and has a policy of retaining accumulated earnings, for future growth. The Group is also committed to rewarding its shareholders, and as such, it intends to distribute appropriate annual dividends as long as cash flow permits.

In FY 2022, the Directors proposed a one-tier, tax-exempt first and final dividend of 2.5 cents per ordinary share. Amounting to approximately $3.02 million, the proposed dividend, if approved by shareholders at the upcoming Annual General Meeting, will be disbursed at a date to be announced.





#SureCanTravel

Loving Our Planet

People say that our planet is not feeling well, and we have to nurse it back to health. Having lived through a global crisis like COVID-19, we have come to realise how fragile life is. We all have to do our part and the Earth will thank us for it!

Sustainability Report

FOREWORD BY THE CHAIRMAN

In recognition of our stakeholders' increasing expectations for more proactive leadership on environmental, social and governance ("**ESG**") matters, I am pleased to present the Group's Sustainability Report for FY 2022.

The easing of COVID-19 measures and re-opening of international borders has spurred tourist arrivals all over the world. The Group continues to monitor the market developments closely, to be disciplined in cost management and prudent in capital management. This is in view of the challenges that remain ahead including manpower challenges, cost pressures as a result of inflation, rising interest rates as well as geopolitical tensions. We will be vigilant and will closely monitor the development of these events, and take the necessary measures to enhance values to our stakeholders so as to ensure the long-term sustainability of our business.

The Board continues to play an integral role in leading our Group's sustainability endeavours. Through our management committee, we direct the efforts of the Group in implementing our sustainability management measures. These include but are not limited to, transparency in reporting, conducting risk governance, ensuring a culture of safety in daily operations as well as promoting diversity. We believe that close attention to such sustainability issues is critical to not only profitability and shareholder value, but also to the long-term viability of our business.

Yang Wen-Wei
Chairman

28 March 2023

ABOUT THIS REPORT

BOARD STATEMENT

We remain committed to Hotel Royal Limited's (the "**Company**", together with its subsidiaries, the "**Group**") long-term sustainability and reaffirm our commitment to sustainability with the publication of this sustainability report ("**Report**"). For this Report, we provide a summary of our approaches, initiatives and strategies relating to our sustainable and responsible business practices, discuss the development and progress of our sustainability journey by highlighting the Group's strategy and ESG performance, economic performance and customer experience (collectively as "**Sustainability Factors**") and focus on communicating value creation through our ESG strategies.

We are committed to striking a balance between growth, profit, governance, environment, the development of our people and well-being of our communities to secure the Group's future. In line with our commitment, the Board of Directors ("**Board**") acknowledges its responsibility for the Group's sustainability reporting and affirms that it provides strategic direction to the Group. Having specifically considered sustainability issues as part of its strategic formulation, the Board determined the material Sustainability Factors and overseen the management and monitoring of the material Sustainability Factors.

A sustainability policy ("**SR Policy**") covering our sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring material Sustainability Factors has been put in place and serves as a point of reference in the conduct of our sustainability reporting. Under this SR Policy, we will continue to monitor, review and update our material Sustainability Factors from time to time, taking into account the feedback that we receive from our engagement with our stakeholders, as well as organisational and external developments.

Our sustainability framework communicates our commitment towards supporting the United Nations' Sustainable Development Goals ("**SDGs**" or "**Global Goals**") and is primarily driven by the concerns of our key stakeholders. We work closely with stakeholders in our value chain and their inputs drive our sustainability focus on our material Sustainability Factors and the SDGs as follows:

OUR SUSTAINABILITY FRAMEWORK

Customer Experience

Customer satisfaction and service quality
Customers
Suppliers

Social

Workplace health and safety
Employees

Employee development and retention
Employees

Diversity and equal opportunity
Employees

Ongoing community engagement
Communities

Human rights and labour standards
Employees
Regulators

Commitment to data protection
Customers

Environmental

Water conservation
Communities
Shareholders

Energy conservation and emissions reduction
Communities
Shareholders

Responsible waste management
Communities
Shareholders

Governance

Robust corporate governance framework
Regulators
Shareholders

Economic

Sustainable business performance
Shareholders

Sustainability Report

A summary of our key sustainability performance is as follows:

SUSTAINABILITY FACTOR	PERFORMANCE INDICATOR	SUSTAINABILITY PERFORMANCE	
		FY 2022	FY 2021
Customer Experience	Customer satisfaction score	87%	88%
	Employee satisfaction score	74%	78%
Economic	Value-added[1]	$15.1 million	$12.0 million
	Salaries to employees	$11.3 million	$8.0 million
	Tax to governments	$0.5 million	$0.4 million
	Interest paid to providers of capital	$5.8 million	$4.2 million
	Non-production costs and income	($0.6 million)	$6.8 million
	Value retained for re-investment and future growth [2]	($1.9 million)	($7.4 million)
Environmental	Water consumption intensity (CuM/number of guest nights)	0.37	0.45
	Greenhouse gas ("**GHG**") emissions (tonnes CO_2e)	6,822	5,570
	GHG emissions intensity (tonnes CO_2e/number of guest nights)	0.011	0.015
	Waste generated intensity (tonnes/number of guest nights)	0.0011	0.0010
Social	Number of workplace fatalities	–	–
	Number of high-consequence[3] work-related injuries	–	–
	Number of recordable work-related injuries	2	–
	Number of work-related ill health cases[4]	–	–
	Average training hours per employee	9.7	10.9
	Turnover rate	26%	50%
	Number of reported incidents of unlawful discrimination[5] against employees	–	–
	Number of reported incidents of labour or human rights violations	–	–
	Number of substantiated complaints concerning breaches of customer privacy and loss of customer data[6]	–	–
Governance	Number of reported incidents of corruption ("**Serious Offence**")[7] reported	–	–

[1] *Value-added includes revenue earned net of cost of sales, other income and expenses and net foreign exchange adjustment.*
[2] *Value retained for re-investment and future growth includes depreciation and amortisation and accumulated losses.*
[3] *High-consequence work-related injuries refer to injuries from which the worker cannot recover or cannot recover fully to pre-injury health status within 6 months.*
[4] *Work-related ill health cases refer to negative impacts on health arising from exposure to hazards at work.*
[5] *Unlawful discrimination refers to an incident whereby the relevant authority has commenced investigation and resulted in a penalty to the Group.*
[6] *A substantiated complaint refers to a complaint that has been investigated by the Personal Data Protection Commission and violation of regulations has been established.*
[7] *A Serious Offence incident is defined as one that involves fraud or dishonesty and is being or has been committed against the Company by its officers or employees. Such serious offence is punishable by imprisonment for a term of not less than 2 years and the value of the property obtained or likely to be obtained from the commission of the offence amounts to not less than $100,000.*

REPORTING FRAMEWORK

This Report has been prepared in accordance with Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Rules 711A and 711B. Hotel Royal Limited has reported the information cited in the GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the Global Reporting Initiative ("**GRI**") standards. We have chosen to report using the GRI Standards as it is an internationally recognised reporting framework.

As part of our continual efforts to align our sustainability reporting with relevant market standards, we have mapped our sustainability efforts to the 2030 Agenda for Sustainable Development which is adopted by all United Nations Member States in 2015 ("**UN Sustainability Agenda**"). The UN Sustainability Agenda provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its core are the 17 SDGs, which form an urgent call for action by all countries - developed and developing - in a global partnership. We have incorporated the SDGs, where appropriate, as a supporting framework to shape and guide our sustainability strategy.

We are also guided by the recommendations of the Taskforce on Climate-related Financial Disclosures ("**TCFD**") in our climate-related disclosures.

We have relied on our internal data monitoring and verification to ensure accuracy for this Report. We will work towards internal review and/or external assurance for our future sustainability reports.

OUR BUSINESS

Our key revenue streams are mainly from our hotel operations and property investments segments. An overview of our hotel operations and property investments segments is as follows:

Hotel Operations Segment

SUPPLIERS AND SERVICE PROVIDERS

- Suppliers for housekeeping and cleaning supplies, operating equipment and food and beverages
- Contractors
- Service providers for maintenance works

OPERATIONS

Owning and operating hotels and providing ancillary services

CUSTOMERS

Hotel guests

Property Investment Segment

SUPPLIERS

Property owners

OPERATIONS

Owning and letting out investment properties

CUSTOMERS

Lessees of investment properties

Sustainability Report

REPORTING SCOPE

This Report articulates our strategies and practices in all aspects of sustainability and provides a detailed account of our sustainability performance in our operations and is applicable for the Group's financial year ended 31 December 2022 ("**FY 2022**" or "**Reporting Period**"). A sustainability report will be published annually. This Report covers Hotel Royal's business activities – namely hotel operations in its properties which contributes to 84% (FY 2021: 70%) of the Group's revenue.

Singapore

- Hotel Royal Singapore
- Hotel Royal @ Queens

Malaysia

- Hotel Royal Kuala Lumpur

* *Baba House and Hotel Royal Signature are not included in the Sustainability Report as Baba House soft launched in September 2022 and had its grand opening in January 2023 and Hotel Royal Signature is still under major refurbishment*
* *The operations of Hotel Royal Penang was suspended with effect from November 2021 due to restructuring*[8]

Thailand

- Hotel Royal Bangkok @ Chinatown
- Burasari Resort Phuket

AVAILABILITY

A PDF version of the Annual Report, which encloses the full Sustainability Report, is available for download at our investor relations website ("**IR Website**") – https://hotelroyal.listedcompany.com/reports.html, or at the SGX website.

FEEDBACK

Your feedback on this Report is an important way of improving our sustainability practices. If you have any comments, suggestions or feedback on this matter, please send it to our investor relations email account at IR@hotelroyal.com.sg.

STAKEHOLDER ENGAGEMENT

Through an internal stakeholder mapping exercise, we identified key stakeholder groups which we prioritise our engagements with. These include individuals or groups that have an interest, that is affected or could be affected by our activities. Our efforts on sustainability are focused on creating sustainable value for our key stakeholders, which comprise communities, customers, employees, regulators, shareholders and suppliers. Key stakeholders are determined for each material Sustainability Factor identified, based on the extent of which they can affect or are affected by operations of our Group.

[8] *FY 2021 figures relating to Hotel Royal Penang prior to the suspension were excluded for comparability of sustainability performance between FY 2021 and FY 2022.*

We actively engage our stakeholders through the following channels:

STAKEHOLDERS	HOTEL ROYAL'S COMMITMENT	ENGAGEMENT METHOD	FREQUENCY	KEY FEEDBACK/ CONCERN
COMMUNITIES	Minimise business impact and contribute to the communities where we operate in	• Outreach programmes • Sponsorship of events	Ongoing	• Support from businesses in the area • Responsible and ethical business practices
CUSTOMERS	Maximise customer satisfaction through delivering quality service and products	• Marketing collaterals • Guest feedback channels • Website • Customer satisfaction surveys	Ongoing	• Comfort of environment • Quality service • Timely response to feedback and complaints • Data privacy
EMPLOYEES	Maximise the full potential of our people resources through continual employee development and training	• Induction programmes for new employees • Staff training and development • Regular emails and meetings • Recreational and wellness activities • Employee feedback channels • Appraisals	Ongoing	• Safe working environment • Good pay and benefits • Job security • Equal employment opportunities • Training and development opportunities
REGULATORS	Adopt high standards of corporate governance practices in our operations	Consultations and briefings organised by key regulatory bodies	As and when required	Compliance with laws and regulations
SHAREHOLDERS	Maximise shareholder value through our corporate strategies and business fundamentals	• Annual general meetings • Annual reports	Annually	• Sustainable profits and shareholder value • Long-term growth • Compliance with laws and regulations
		• Result announcements	Half-yearly	
		• Investor relations website • Emails	Ongoing	
SUPPLIERS	Build strong partnerships with suppliers in the pursuit of the best in environmental, health and safety standards in our operations	• Regular meetings, • Conferences and forums • Emails • Phone calls	Ongoing	• Timely payment to suppliers and service providers • Fair procurement practices

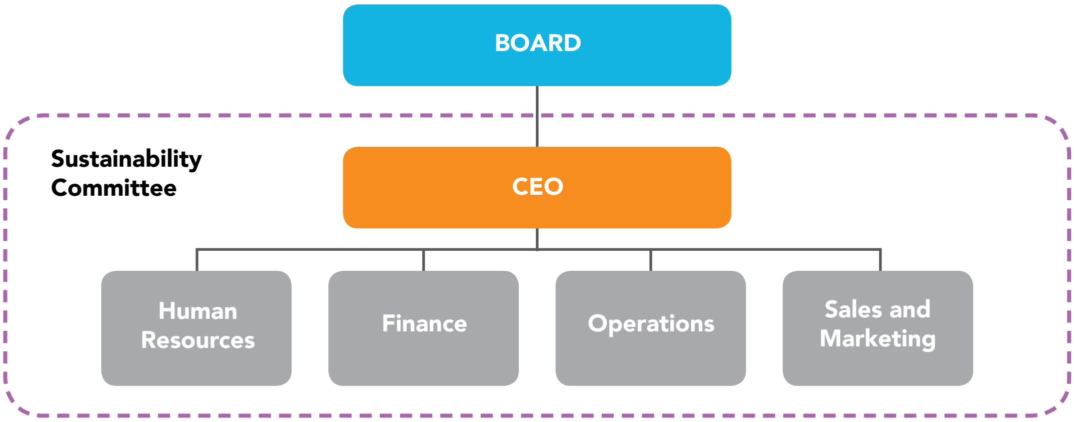
Through the above channels, we seek to understand the views of our key stakeholders, communicate effectively with them and respond to their concerns.

Sustainability Report

POLICY, PRACTICE AND PERFORMANCE REPORTING

SUSTAINABILITY GOVERNANCE STRUCTURE

Executed by the Group's senior management, Hotel Royal's sustainability strategy is developed in consultation with the Board. The Group's Sustainability Committee, which includes senior management executives and key managers from various functions, is led by the Group's Chief Executive Officer ("**CEO**"), and is tasked to review its material impacts, consider stakeholder priorities and set goals and targets, as well as collect, verify, monitor and report performance data for this Report.



SUSTAINABILITY REPORTING PROCESSES

Under our SR policy, our sustainability process begins with an understanding of the Group's context. This is followed by the ongoing identification and assessment of the Group's impacts. The most significant impacts are prioritised for reporting, and the result of this process is a list of material Sustainability Factors disclosed in this Report.

Context
Understand the Group's context by considering its activities, business relationships, stakeholders, and sustainability context of all the entities it controls or has an interest in, including minority interests

Identification
Identify actual and potential impacts on the economy, environment, people and their human rights

Assessment
Assess the significance of impacts

Prioritisation
Prioritise the most significant impacts to determine the material Sustainability Factors for reporting

Review
In each reporting period, review the material Sustainability Factors from the previous reporting period to account for changes in impacts which can result from feedback received from engagement with stakeholders, organisational and external developments

MATERIALITY ASSESSMENT

The materiality assessment considers the likelihood of the occurrence of actual and potential negative and positive impacts ("**Likelihood of Impact**") and significance of our impacts on the economy, environment, people and their human rights, which in turn can indicate our contribution (negative or positive) to sustainable development ("**Significance of Impact**").

PERFORMANCE TRACKING AND REPORTING

We track our material Sustainability Factors by identifying the relevant data points and measuring them. In addition, performance targets that are aligned with our strategy will be set to ensure that we maintain the right course in our path to sustainability. We also consistently enhance our performance-monitoring processes and improve our data capturing systems.

MATERIAL FACTORS

A materiality assessment was conducted by the Sustainability Committee to understand the concerns and expectations of our stakeholders. Through the materiality assessment, factors with significant impacts on the economy, environment, people and their human rights were updated. In this Report, we have also reported our progress in managing these factors and set related targets to improve our sustainability performance.

S/N	MATERIAL SUSTAINABILITY FACTOR	KEY STAKEHOLDER	SDG
Customer Experience			
1	Customer satisfaction and service quality	• Customers • Employees	Decent work and economic growth
Economic			
2	Sustainable business performance	• Employees • Shareholders • Suppliers	Decent work and economic growth
Environmental			
3	Water conservation	• Communities • Shareholders	Clean water and sanitation
4	Energy conservation and emissions reduction	• Communities • Shareholders	Affordable and clean energy
5	Responsible waste management	• Communities • Shareholders	Responsible consumption and production
Social			
6	Employee safety and well-being	Employees	Good health and well-being
7	Employee development and retention	Employees	Quality education
8	Diversity and equal opportunity	Employees	Reduced inequalities
9	Ongoing community engagement	Communities	Sustainable cities and communities
10	Human rights and labour standards	Employees	Peace, justice and strong institutions
11	Commitment to data protection	Customers	Peace, justice and strong institutions
Governance			
12	Robust corporate governance framework	• Regulators • Shareholders	Peace, justice and strong institutions

CUSTOMER EXPERIENCE

CUSTOMER SATISFACTION AND SERVICE QUALITY

Our brand promise of "Every Room A Home" motivates us to continually develop new ideas to improve our service offerings to our guests and customers. We are committed to retain and build a loyal customer base for our long-term sustainability by maximising customer's experience through the following:

Rendering good customer service

In 2022, 27 of our employees in Singapore received recognition from the industry for delivering good service quality, winning accolades such as the Singapore Hotel Association's Excellence Service Award, Hotel Security Awards (jointly organised by Singapore Hotel Association, Singapore Police Force and the National Crime Prevention Council), as well as the Service Gold "National Kindness Award" jointly organised by Singapore Hotel Association and the Singapore Kindness Movement. One of our employees in Singapore also won the Employee of the Year Award jointly organised by the Food, Drinks and Allied Workers Union, National Trades Union Congress and Singapore Hotel Association. Apart from national awards, our best performing employees for the year in Singapore are recognised internally through the "Employee of the Month", "Employee of the Quarter" and "Employee of the Year" accolades.

Please also refer to the People Report on pages 62 - 65 for their stories and achievements.

Proactively gathering feedback for improvements and developing strategies

We prioritise the comfort and satisfaction of our customers, in line with our service credo, and consider our mission critical that we retain our clientele while continuing to attract new ones. Customer feedback collected from various touchpoints such as guest feedback forms and guest reviews on online travel platforms are mined together to gather valuable insights into current and future customer requirements. Insights gathered are analysed and discussed during management meetings to drive service improvements, enhance operational efficiency and provide inputs for new strategies.

We believe that our employees are key to delivering the quality service to our customers, and as such, the Group conducts employee satisfaction surveys yearly to understand employees' expectations and levels of job satisfaction. The results of the surveys conducted are reviewed by the management and actions to improve employee's welfare are taken where practicable. Statistics on how we are engaging these two key stakeholders are as follows:

Adopting market standards

Our services are certified under various recognised quality standards:

Standard/ certification	Certification attained by	Nature of certification
ISO 9001:2015	• Hotel Royal Singapore • Hotel Royal @ Queens	ISO 9001:2015 specifies requirements of a quality management system for any organisation that needs to demonstrate its ability to consistently provide products and services that meet customer and applicable regulatory requirements and aims to enhance customer satisfaction
Ministry of Public Health ("MOPH") Certification	Burasari Resort Phuket	With Thailand established as the Wellness Capital of Asia, the Thai government has prioritised assurance to spa guests and visitors to Thailand on safety, hygiene, service quality and quality assurance. The MOPH certification specifies standards to raise the quality of Thai spa operations and bring these services in line with internationally-recognised spa standards and practices.
BCA Green Mark Award (Gold)	Hotel Royal @ Queens	A voluntary scheme that evaluates a building's environmental impact and performance to promote sustainable design and best practices in construction and operations in buildings.
SG Clean quality mark	• Hotel Royal Singapore • Hotel Royal @ Queens	A voluntary scheme for premises operators to take ownership in maintaining high standards of environmental hygiene.

Maintaining a team of highly trained and experienced employees

We believe in engaging and developing our employees to their fullest by providing opportunities for development and growth. We also continue to focus on on-the-job training to further equip our employees to do their jobs well, and to boost their morale and confidence. For further details on how we motivate, train and retain our employees, you may refer to the employee development and retention Sustainability Factor.

Continually innovating

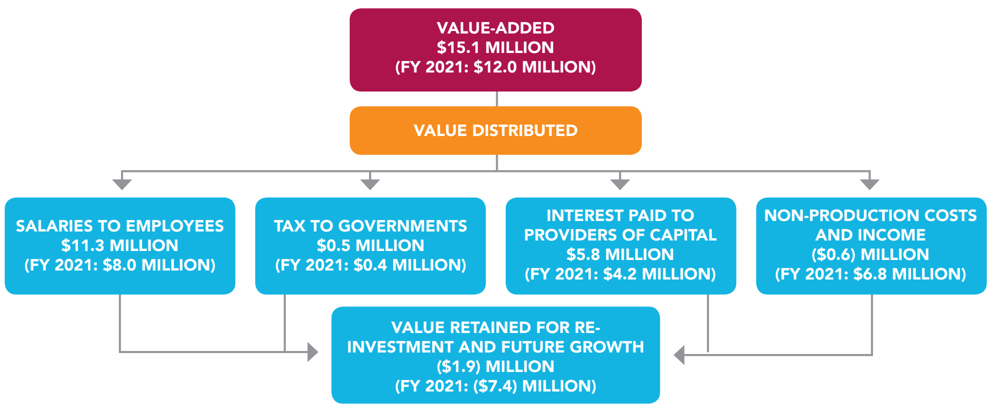
We are committed to explore new technologies to enhance service quality. We have adopted new information technology solutions at Hotel Royal @ Queens with the aim of improving overall productivity and enhancing guest experience as follows:

- A cloud-based property management system ("**PMS**") and F&B point of sales system are in place to enable staff to manage hotel properties off-site or anywhere within the hotel properties. The PMS is able to centralise reservations and guest profiles and the adoption of cloud technology helps to facilitate remote working and reduce system downtime;
- Mobile devices for housekeeping room attendants and front office agents to access real-time information and be informed about housekeeping requests on-the-go; and
- An online chatbot is available on https://app.vouchconcierge.com/m/royalqueens or upon scanning the QR code available in the guest rooms to provide 24/7 automated responses to common frequently asked questions.

ECONOMIC

SUSTAINABLE BUSINESS PERFORMANCE

We are committed to provide value to various stakeholders through relevant and meaningful ways. In line with this commitment, we present the distribution of our values created in FY 2022 as follows:



Sustainability Report

Further details of our economic performance can be found in the value-added statement and audited financial statements of our Annual Report for FY 2022.

ENVIRONMENT

The Group aspires to better manage the impact that its operations have on the environment. Our hotels comply with the relevant regulations laid out by the governments in Singapore, Malaysia and Thailand. In Singapore, Hotel Royal @ Queens is recognised for the environmental performance of its building design and operations and awarded with the BCA Green Mark Award (Gold). We also believe that we need to inculcate concepts of environmental management in all of our employees. At our properties, we share the best practices in water and energy conservation to our staff during regular management meetings. For further details on our environmental initiatives, you may refer to the section on corporate social responsibility on page 60 of our FY 2022 Annual Report.

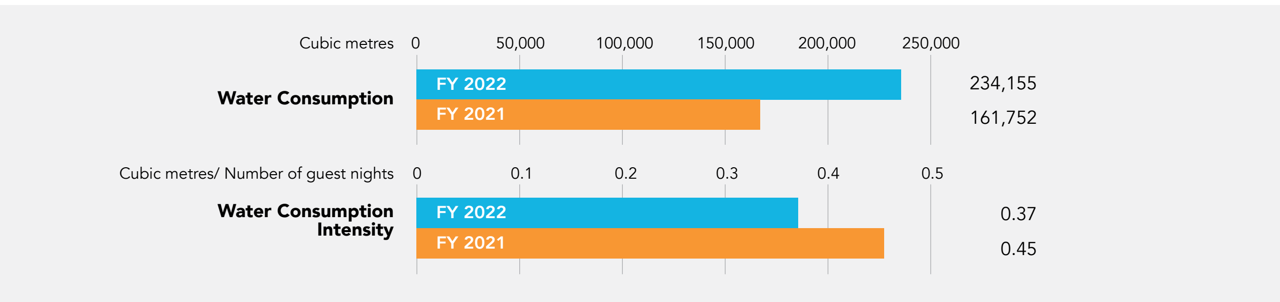
WATER CONSERVATION

Water is an essential commodity in all aspects of our hospitality operations , which include guest rooms, hot water supply, cooling towers, F&B, housekeeping, laundry, recreational facilities and public amenities. As such, we hold a strong responsibility in ensuring that water usage is optimised and not wasted unnecessarily.

We have in place water monitoring systems and water- saving initiatives to ensure the proper usage of this precious resource so essential in our business sustainability. These include:

- Installing motion sensor taps in washrooms open to public and water meters at different retail outlets within the hotels for close monitoring;
- Conducting regular preventive checks on all taps to detect and repair water leakage;
- Moderating water pressure of water valves to reduce water flows at guest rooms and toilets open to public; and
- Installing advanced water treatment systems for cooling towers in our hotels based in Singapore. The system uses ultra-low frequency electromagnetic waves to reduce deposits in cooling towers as compared to the use of chemicals in conventional water treatment systems. With this new water treatment system, water consumption is reduced as water need not be drained out completely during cleaning of cooling towers.

We will continue to focus on driving efficiency in water consumption. Key statistics on water consumption are as follows:



During the Reporting Period, water consumption across the Group's hotels increased by 45% to 234,155 cubic metres. This was primarily due to the increase in room occupancy as a result of easing of COVID-19 measures. On the other hand, overall water consumption intensity measured as cubic metres per number of guest nights decreased by 18% to 0.37 cubic metres per guest night. This was primarily due to a 76% increase in the number of guest nights as a result of easing COVID-19 measures, in which the increase was more than proportionate to the increase in the water consumption in view of our water-saving initiatives. We will continue to focus on driving efficiency in the way we use water in our operations.

ENERGY CONSERVATION AND EMISSIONS REDUCTION

We are committed to responsible usage of energy resources and emissions reduction to combat climate change.

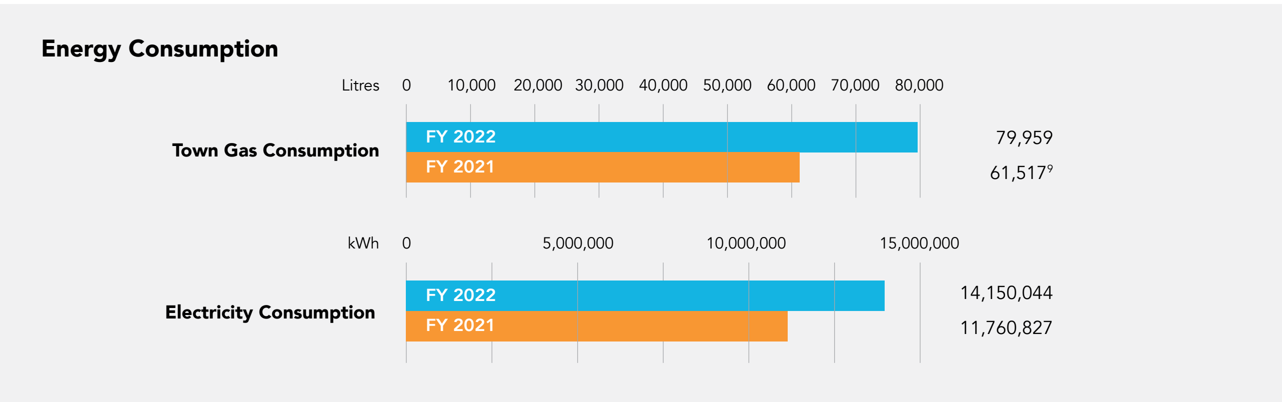
To run our operations, we rely mainly on the following energy sources:

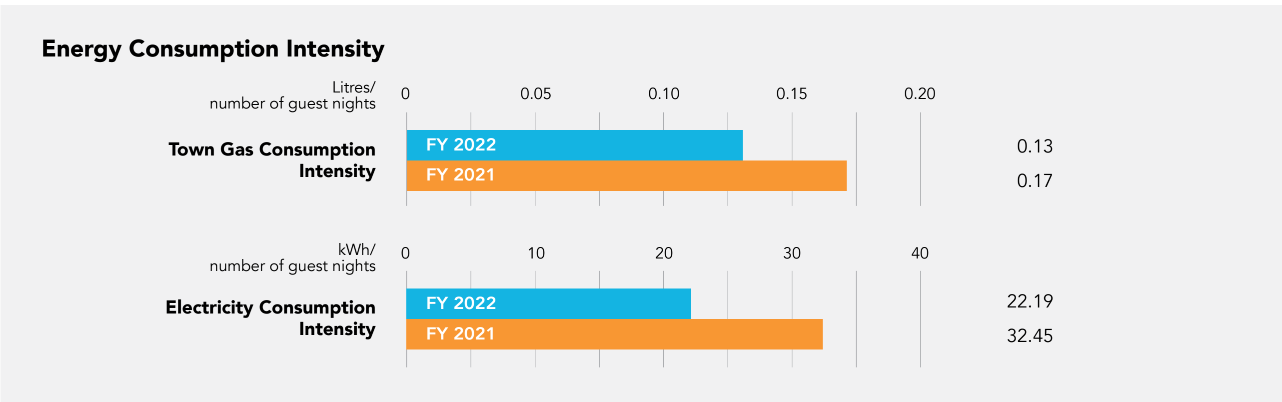
- Town gas is mostly used in our hotels for cooking purpose and its usage is dependent on the level of F&B activities in the properties; and
- Electricity drawn from municipal sources in the countries that we operate in, to power our operations which include water heating, air-conditioning and operating of kitchen equipment such as freezers and chillers.

The ongoing initiatives in place to reduce electricity consumption and GHG emissions include:

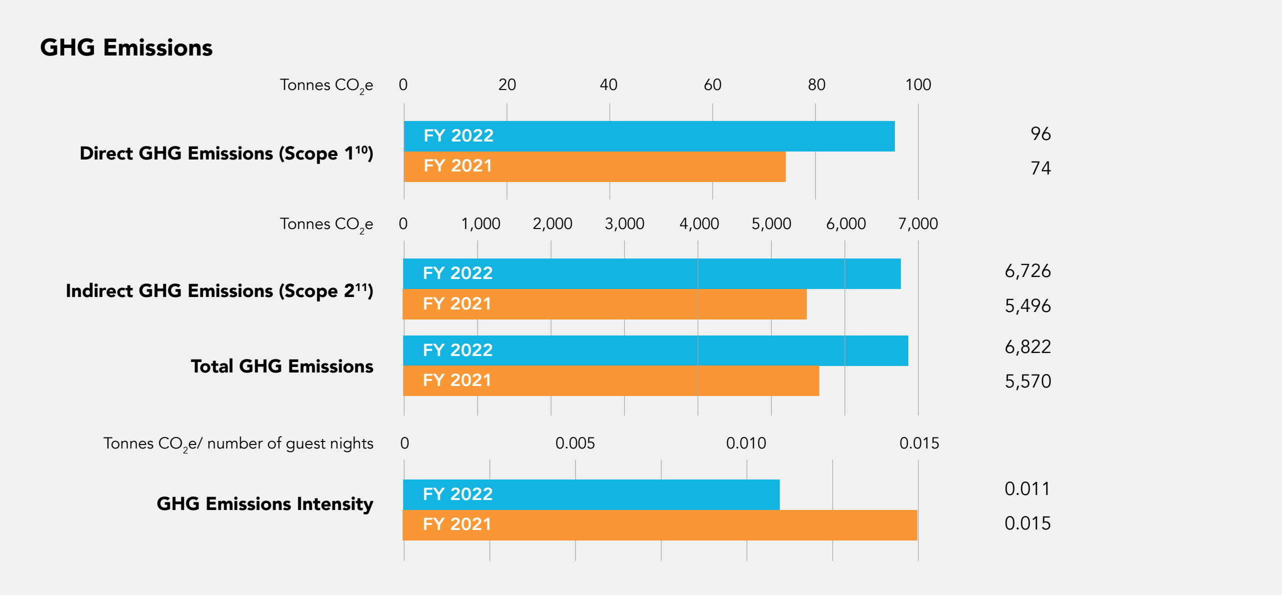
- Shutting down chillers and air-cooling towers during lull periods as well as maintaining equipment in good working condition to optimise energy efficiency;
- Regular cleaning of filters for air-conditioning systems to reduce air flow resistance;
- Switching to energy-saving LED lighting where practicable;
- Using motion sensors in lighting systems;
- Tracking and reviewing spending on energy consumption regularly to control usage and take corrective actions when there are unusual consumption patterns;
- Hotel Royal Singapore installed solar panels on its rooftop for water heating purposes; and
- Switching to environmentally friendly Variable Refrigerant Volume ("**VRV**") air-conditioning systems for Hotel Royal Singapore and Hotel Royal Bangkok @ Chinatown to minimise refrigerants needed and allow variable temperature settings for different areas of the hotel property.

Key statistics on energy consumption are as follows:





[9] *Figure has been restated as a correction.*

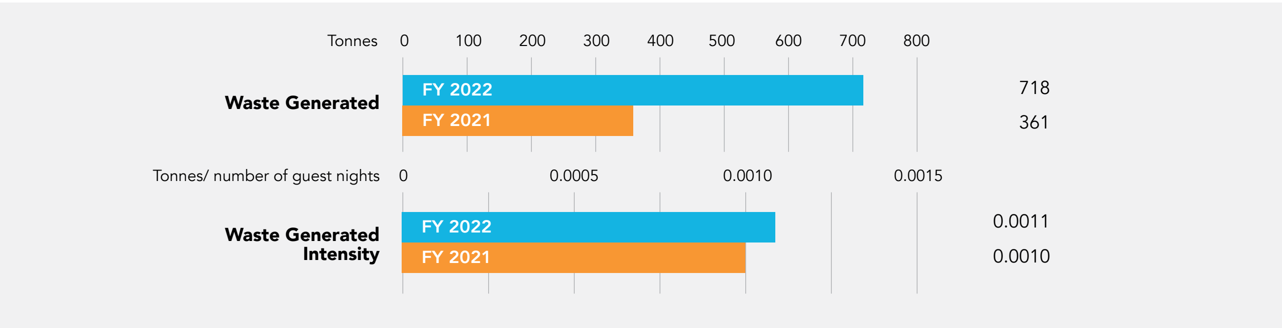


The overall increase in town gas consumption by the Group's hotels by 30% to 79,959 litres, and the resulting 30% increase in direct GHG emissions to 96 tonnes CO2e, was mainly due to the easing of COVID-19 measures which resulted in greater volume of guests and patronage at the F&B outlets in our hotels.

During the Reporting Period, the Group's total electricity consumption increased by 20% to 14,150,044 kWh, and the resulting increase in indirect GHG emissions by 22% to 6,726 tonnes CO2e, was largely due to the greater volume of guests arising from the easing of COVID-19 measures and increase in tourist arrivals. Electricity consumption intensity, measured as kWh per guest night, declined by 32% to 22.19 kWh per guest night, primarily due to a 76% increase in the number of guest nights as a result of easing COVID-19 measures, in which the increase is more than proportionate to the increase in the electricity consumption in view of our ongoing initiatives to reduce electricity consumption.

RESPONSIBLE WASTE MANAGEMENT

As a Group, we have initiatives in place to minimise waste materials that are generated in the course of our operations. We promote and practise "Reduce, Reuse, Recycle" policy across our properties. Proper recycling processes are set up to collect non-hazardous recyclables such as cardboard, paper, plastics, glass and general waste. Third-party contractors are engaged to dispose of the non-hazardous waste.



The increase of 99% in waste generated to 718 tonnes was mainly due to increased business activities and volume of guests as a result of the easing of COVID-19 measures.

[10] *GHG emissions from consumption of town gas controlled by the Company (Scope 1) are calculated based on the Greenhouse Gas (GHG) Emissions Measurement and Reporting Guidelines published by the National Environment Agency ("**NEA**").*

[11] *GHG emissions from electricity purchased by the Company (Scope 2) are calculated based on the emissions factors published by the relevant local authorities.*

SOCIAL

EMPLOYEE SAFETY AND WELL-BEING

At Hotel Royal Group, we treat the health and safety of our employees seriously and strive to foster a safe working environment for our workers by continually identifying and eliminating potential hazardous situations in the workplace. We also facilitate training and education of our employees and contractors to minimise injury or accident. Guidelines aligned with industry practices are also in place for our reference and adherence.

Our Company has a workplace safety and health ("**WSH**") committee which comprises representatives from both management and employees so as to ensure a collaborative approach to health and safety at the workplace. The WSH committees regularly monitor and review each hotel's safety procedures and protocols to identify and resolve potential risk to employees and guests. The WSH committees also seek to identify risks and safety hazards at the workplace, and regularly review them to ensure all outstanding issues are addressed and resolved while prevailing safety standards and certifications are complied with. Adhering to the industry's practices, the WSH Committee has in place the relevant reporting channels for accidents and injuries that occurred at the workplace and the channels are monitored by the respective human resource departments.

In addition, our employees undergo training in workplace safety, first aid, handling fire hazards and evacuation exercises. For instance, in order to minimise potential fatalities and casualties from fire incidents, a Company Emergency Response Team ("**CERT**") and relevant fire safety equipment are in place. CERT members are required to attend trainings related to incident management, fire emergency response and first aid to ensure a high level of readiness to respond and evacuate during a fire incident.

To ensure the safety of our employees and minimise the risk of transmission of COVID-19 amongst our employees, we adhere to the guidelines and measures passed by the local COVID-19 laws and regulations.

Key statistics on our work-related injuries and ill health cases are as follows:

Performance indicator	FY 2022	FY 2021
Number of fatalities	–	–
Number of high-consequence work-related injuries	–	–
Number of recordable work-related injuries	2	–
Number of recordable work-related ill health cases	–	–

The 2 recordable work-related injuries are minor back, knee and hand injuries arising from slip and fall and hit by linen trolley during housekeeping duties. We will continuously work towards reducing both the occurrence and severity of workplace accidents. We aim to maintain a zero record of fatalities, high-consequence work-related injuries, recordable work-related injuries and recordable work-related ill health cases, underscoring our commitment to enforcing safe practices at the workplace.

Sustainability Report

EMPLOYEE DEVELOPMENT AND RETENTION

Our goal is to always have a team of highly motivated and well-trained workforce to deliver our brand promise. To ensure this is achieved, our training programme focuses on the four service deliverables – namely, customer service, attitude, recognition, and efficiency – as inspired by our service credo.

Key statistics on training hours provided for our full-time employees are as follows:

OVERALL

	FY 2022	FY 2021
Total Training Hours	3,818	3,636
Average Training Hours Per Employee	9.7	10.9

	Male FY 2022	Male FY 2021	Female FY 2022	Female FY 2021
Total Training Hours	2,013	2,127	1,805	1,509
Average Training Hours Per Employee	10.0	12.5	9.4	9.2

Average training hours per full-time employee dipped by 11% to 9.7 hours mainly due to Hotel Royal @ Queens experiencing a manpower crunch which resulted in lesser time available for attending training.

As part of our continual efforts to upgrade the knowledge of our directors on sustainability reporting and to meet the requirement of listing rule 720 (7) of SGX-ST, we confirm that all directors have attended one of the approved sustainability training courses during the Reporting Period.

We believe that fair and competitive remuneration based on merit is key in retaining employees. Regular performance and career development reviews are conducted for full-time employees to allow the employees to gain feedback on their career progress and take self-initiated actions to improve their capabilities. During the Reporting Period, 79% (FY 2021: 58%) of our full-time employees received regular performance and career development reviews. The percentage of full-time employees receiving regular performance and career development reviews is lower in FY 2021 due mainly to COVID-19 restrictions. Performance appraisal is performed for employees on a merit basis and is not performed for employees who are under probation, serving notice period and have received confirmation performance appraisal just prior to the regular performance review.

In line with our commitment to focus on people development, we place a high priority on talent attraction and retention. Key statistics on new employee hires and employee turnover are as follows:

New Hires

	FY 2022	FY 2021
Male	49%	48%
Female	51%	52%
Age Below 30	29%	40%
Age 30 to 50	61%	47%
Age Above 50	10%	13%

Turnover

	FY 2022	FY 2021
Male	50%	56%
Female	50%	44%
Age Below 30	36%	34%
Age 30 to 50	53%	51%
Age Above 50	11%	15%
OVERALL	26%	50%

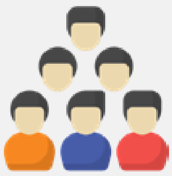
During the Reporting Period, employee turnover rate declined by 24% to 26%. This was mainly due to higher turnover in FY 2021 in view of employees who left the Group to pursue better career opportunities and return to their hometowns during the pandemic.

In addition, we care for our employees' well-being through employee benefits and activities to promote healthy living and work-life balance. They include employee benefits such as reimbursement of medical expenses and birthday leave for full-time employees and organising outings for employees.

DIVERSITY AND EQUAL OPPORTUNITY

The Group aims to achieve diversity and equal opportunity for all of its employees and has zero tolerance for employee discrimination or gender-bias in its staff policies for human resource recruitment and advancement. As at 31 December 2022, we have no (FY 2021: zero) reported incident of unlawful discrimination against employees.

As at 31 December 2022, the Group had 424 (FY 2021: 344) employees at its operations in Singapore, Malaysia and Thailand ("**Workforce**"). The breakdown of our Workforce by employment type and region as at 31 December 2022 is as follows:



	Singapore	Malaysia	Thailand	Total
Workforce[12]	185	84	155	424
Full-time	174	65	155	394
Part-time	11	19	–	30

[12] *Non-guaranteed hours employees are excluded from the headcount of part-time employees as they only amount to 0.5% of the Group's headcount, which is immaterial to the sustainability of the Group.*

Gender Diversity

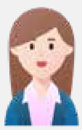
The Group reiterates that it does not practice gender discrimination and possessing the requisite competency and experience is key in our recruitment considerations. Key statistics on gender diversity of our employees are as follows:

OVERALL

Male

FY 2022 51%

FY 2021 51%



Female

FY 2022 49%

FY 2021 49%

	Male FY 2022	Male FY 2021	Female FY 2022	Female FY 2021
Management Level				
Management	51%	57%	49%	43%
Non-Management	52%	50%	48%	50%
Employment Type				
Full-time	51%	51%	49%	49%
Part-time	57%	60%	43%	40%

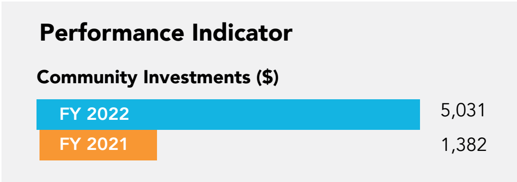
Age Diversity

On age diversity, we recognise mature and experienced employees as assets to the Group due to their skills, knowledge and understanding of the Group's expectations. Key statistics on age diversity of our employees are as follows:

	FY 2022			FY 2021		
	Below 30	**30 – 50**	**Above 50**	**Below 30**	**30 – 50**	**Above 50**
Overall	22%	52%	26%	23%	45%	32%
Management level						
Management	5%	53%	42%	3%	58%	39%
Non-management	25%	52%	23%	28%	42%	30%
Employment type						
Full-time	23%	51%	26%	23%	46%	31%
Part-time	3%	63%	34%	30%	10%	60%

ONGOING COMMUNITY ENGAGEMENT

The Group believes in giving back to the community as an integral part of its role as a corporate citizen. However, the ensuing pandemic has made it difficult for the Group and employees to contribute funds and time to support the various causes in the community. Key statistics on our community outreach activities are as follows:



For further details, you may refer to the section on Corporate Social Responsibility on page 61 of our FY 2022 Annual Report.

HUMAN RIGHTS AND LABOUR STANDARDS

The Group is committed to upholding internationally accepted human rights principles, including those related to child labour, forced labour and human trafficking. Our policies are in compliance with the prevailing legislations in the countries that we operate in.

We do not engage indirectly either in business with partners, supplier or third-party manufacturers that are known to use unethical means in their business processes. We also respect and protect the rights of our own employees and the freedom of association and collective bargaining.

In FY 2022, we have not received any reported incident of labour or human rights violations (FY 2021: none).

COMMITMENT TO DATA PROTECTION

We are fully committed to data protection as we handle, store and manage personal information of our customers, as well as transmit personal, confidential and proprietary information, such as customers' credit card details, over public networks in the course of our operations.

In the countries we operate in, we are required to abide by the Personal Data Protection Act ("**PDPA**"), which comprises various rules governing collection, use, disclosure and care of personal information. We adopted the following measures to protect personal information:

Proactive management of personal data
In line with our commitment to data privacy, we have implemented the measures which include setting up of internal rules to require our employees to maintain strict confidentiality of personal information gathered in the course of our operations.

Implement security measures to protect our data
To protect our customer privacy, we have put in place security safeguards and measures to prevent any unauthorised access and misuse of personal data. We use secure socket layer ("**SSL**") technology to safeguard personal data collected.

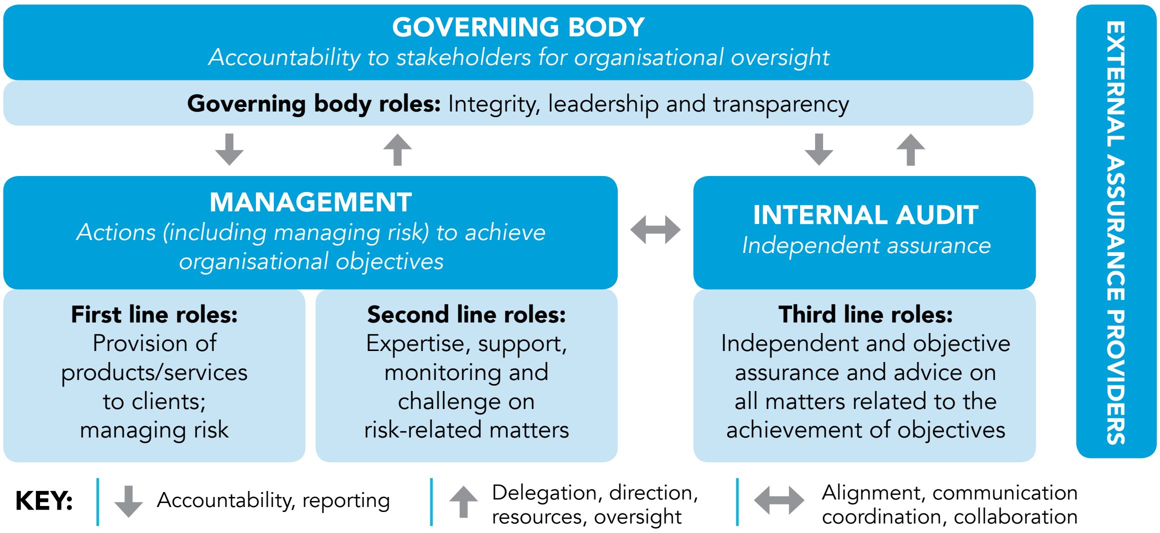
During the Reporting Period, there are no reported substantiated complaints concerning breaches of data privacy and losses of personal data (FY 2021: zero).

GOVERNANCE

ROBUST CORPORATE GOVERNANCE FRAMEWORK

As the business landscape gets increasingly volatile, complex and fraught with uncertainties, it is essential to have in place a robust corporate governance framework to ensure the sustainability of the Group.

Accordingly, we have aligned our corporate governance framework on internal controls and risk management with the Three Lines Model published by the Institute of Internal Auditors ("**IIA**") as illustrated below:



Source: Three Lines Model issued by the IIA

Our risk management and internal control systems are designed to provide reasonable assurance of the achievement of objectives and form an integral part of our business decision-making process in delivering value for our stakeholders. Our risk management framework covers ESG related risks and you may refer to pages 92 - 98 of this Annual Report for a more detailed discussion of our Risk Management initiatives and results.

The Group also continues to be highly committed to the best practices of corporate governance which ensures a company's long-term sustainability, by adhering to the Singapore's Code of Corporate Governance.

Please refer to pages 67 - 91 of this Annual Report for a detailed discussion of our Corporate Governance practices.

Ethics and integrity are also of critical importance to the Group and we have zero-tolerance towards any form of bribery, corruption, fraud, money laundering and other financial crimes. We strictly respect all prevailing anti-corruption legislations in all the countries that we operate in. The Group is also aware that regulatory compliance is critical to protect our brand and business, as well as to foster trust amongst our stakeholders.

As such, the Group's employees are expected to conduct themselves in an honest, professional way in their daily roles and responsibilities and in dealing with both internal and external stakeholders.

To guide our employees, we have established internal controls and written policies in the areas of employee code of conduct, conflict of interest, whistleblowing and anti-corruption. These policies are also communicated to new employees. The Group's whistle-blowing policy allows for staff and other persons to report any matters that may be suspicious or concerns regarding business matters, from accounting, financial reporting, auditing, internal controls to business operations. The whistle-blowing policy also provides procedures and practices to ensure concerns are investigated independently and followed up with the appropriate response. All employees may report any irregularities anonymously or otherwise with confidence that they shall face no reprisal.

The Group also has a set of guidelines for our employees concerning the receiving and giving of gifts, entertainment, sponsorships and charitable contributions in the course of business. In addition, our Finance departments have strict oversight of payments and receipts with appropriate controls and procedures in place to monitor and prevent any irregular forms of payments and receipts.

In FY 2022, there was no reported incident of Serious Offence (FY 2021: none).

Sustainability Report

TARGET SETTING

For our Sustainability Factors identified, we have set targets as follows:

S/N	Sustainability Factor	Target for FY 2023
Customer experience		
1	Customer satisfaction and service quality	• Maintain or improve customer satisfaction score • Maintain or improve employee satisfaction score
Economic		
2	Sustainable business performance	Improve or maintain our financial performance subject to market conditions
Environmental		
3	Water conservation	Maintain or reduce water consumption intensity
4	Energy conservation and emissions reduction	• Maintain or reduce energy consumption intensity • Maintain or reduce GHG emissions intensity
5	Responsible waste management	Maintain or reduce waste generated intensity
Social		
6	Employee safety and well-being	Maintain zero fatalities, high-consequence work-related injuries, recordable work-related injuries and ill health cases (ongoing and long-term)
7	Employee development and retention	Maintain or improve average training hours per employee
8	Diversity and equal opportunity	Maintain zero incident of unlawful discrimination against employees (ongoing and long-term)
9	Ongoing community engagement	Continue to initiate campaigns to help the communities (ongoing and long-term)
10	Human rights and labour standards	Maintain zero reported incident of labour or human rights violations (ongoing and long-term)
11	Commitment to data protection	Maintain zero incident of substantiated complaint concerning breaches of data privacy and losses of personal data (ongoing and long-term)
Governance		
12	Robust corporate governance framework	Maintain zero reported incident of Serious Offence (ongoing and long-term)

SUPPORTING THE UN SUSTAINABLE DEVELOPMENT GOALS

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its core are the 17 SDGs, which form an urgent call for action by all countries - developed and developing - in a global partnership. We believe that everyone plays an important part in advancing sustainable development and we have identified 9 SDGs which we can contribute to sustainability development through our business practices, products and services. The SDGs that we focus on and the related Sustainability Factors are as follows:

SDG	Our Effort
Ensure healthy lives and promote well-being for all at all ages	**Employee safety and well-being** We implement measures to ensure a safe and secure working environment for our employees.
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	**Employee development and retention** We invest in training, education and development of our people to enhance our business competencies.
Ensure availability and sustainable management of water and sanitation for all	**Water conservation** We have in place water monitoring systems and water-saving initiatives to reduce wastage, which in turn help us to work towards achieving sustainable management and efficient use of natural resources.
Ensure access to affordable, reliable, sustainable and modern energy for all	**Energy conservation and emissions reduction** We implement measures to reduce our energy consumption which help to improve energy efficiency and reduce GHG emissions. They also help to reduce operating costs.
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	**Customer satisfaction and service quality** We are determined to improve our products and service offerings, enhance our service levels and ensure our employees are continually motivated and trained to deliver customer satisfaction and our brand promise. **Sustainable business performance** We contribute to economic growth through creating long-term value for our stakeholders.
Reduce inequality within and among countries	**Diversity and equal opportunity** We create a diverse and inclusive workplace that will bring new perspectives to our business and strengthen our ability to overcome new challenges.
Make cities and human settlements inclusive, safe, resilient and sustainable	**Ongoing community engagement** We initiate various campaigns to promote social inclusion and sustainable communities.
Ensure sustainable consumption and production patterns	**Responsible waste management** We have in place initiatives to minimise waste materials generated in our operations, recycle waste where practicable and ensure proper disposal of hazardous waste.
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	**Commitment to data protection** We maintain commercially reasonable physical, electronic and procedural safeguards to protect personal data in accordance with the requirements of data protection legislation. **Human rights and labour standards** We are committed to uphold internationally accepted human rights principles, including those related to child labour, forced labour and human trafficking. **Robust corporate governance framework** We maintain a high standard of corporate governance to safeguard our shareholders' interest and maximise long-term shareholder value.

Sustainability Report

SUPPORTING THE TCFD

We are committed to support the recommendations by the TCFD and disclosed our climate-related financial disclosures in the following key areas:

Key Area	Our Approach
Governance	The Board oversees the management and monitoring of the Sustainability Factors and consider climate-related issues in determining the Group's strategic directions and policies. Our sustainability strategy is developed and directed by the Group's Sustainability Committee in consultation with the Board. The Sustainability Committee is led by our CEO and comprises senior management executives and key managers from various functions. Our CEO takes a leadership role in the formulation and implementation of sustainability strategies. The responsibilities of the Sustainability Committee include considering climate-related issues in the development of sustainability strategy and policy, target setting, collection, monitoring and reporting of performance data, as well as management of risks and opportunities including those associated with climate change.
Strategy	Our strategy on climate change and environment is risk-based and are developed as part of our enterprise risk management ("**ERM**") process. The climate-related risks identified by the Group during the ERM exercise includes the following: • Rising sea level is a potential risk to our hotels that are situated in low lying areas; • Regulatory risks associated with climate change which can be in the form of stricter greenhouse gas emission standards, carbon taxes, or changes in energy prices; and • Growing expectations from stakeholders who want to ensure the Group's services are transitioning to low emissions. In view of the potential environmental risks and the resulting emerging needs for energy efficiency and lower emissions, the Group took the opportunity to adopt environmentally-friendly practices. We are currently looking into conducting climate-related scenario analysis consistent with the TCFD's recommendation, wherever possible, using commonly agreed sector/ subsector scenarios and time horizons, to anticipate and manage climate change impacts.
Risk management	An ERM framework is in place to guide the Group in the identification, analysis and evaluation of risks, implementation of risk treatment plans and continuous monitoring of risks which cover climate change risks. The Group's climate related risks and opportunities are identified and assessed during ERM exercises. Climate-related risks and their related opportunities and treatment plans are also identified, reviewed and updated during the ERM exercise and are presented to the Audit and Risk Committee, amongst other enterprise risks. We also manage our climate-related risks by monitoring the trend of climate-related performance indicators.
Metrics and targets	We track, measure and report on our environmental performance, including energy, GHG emissions, water and waste management and disclose related metrics in our sustainability report. Monitoring and reporting these metrics help us in identifying areas with material climate-related risks and enable us to be more targeted in our efforts. To support the climate change agenda, we disclose our Scope 1 and Scope 2 GHG emissions in the sustainability report and set climate-related targets such as those related to energy, GHG emissions, water and waste management. We will continue to monitor our emissions and disclose Scope 3 GHG emissions progressively where practicable.

GRI CONTENT INDEX

Statement of use	Hotel Royal Limited has reported the information cited in the GRI content index for the period from 1 January 2022 to 31 December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-1 Organisational details	5, 11, 18, 36, 40, 116
	2-2 Entities included in the organisation's sustainability reporting	40
	2-3 Reporting period, frequency and contact point	40
	2-4 Restatements of information	47
	2-5 External assurance	39
	2-6 Activities, value chain and other business relationships	39
	2-7 Employees	51
	2-8 Workers who are not employees	We have approximately 18 workers who are not employees in FY 2022. They include workers in front office, kitchen, housekeeping and maintenance.
	2-9 Governance structure and composition	8 - 9, 68
	2-10 Nomination and selection of the highest governance body	75 - 78
	2-11 Chair of the highest governance body	8, 68, 73 - 75
	2-12 Role of the highest governance body in overseeing the management of impacts	42
	2-13 Delegation of responsibility for managing impacts	42
	2-14 Role of the highest governance body in sustainability reporting	42
	2-15 Conflicts of interest	69
	2-16 Communication of critical concerns	53, 85
	2-17 Collective knowledge of the highest governance body	50, 69, 74
	2-18 Evaluation of the performance of the highest governance body	78 - 79
	2-19 Remuneration policies	79 - 82
	2-20 Process to determine remuneration	79 - 82
	2-21 Annual total compensation ratio	Information is not provided due to confidentiality constraints.
	2-22 Statement on sustainable development strategy	6 - 7, 36 - 38
	2-23 Policy commitments	52 - 53, 55 - 56, 91
	2-24 Embedding policy commitments	52 - 53, 91
	2-25 Processes to remediate negative impacts	53, 85
	2-26 Mechanisms for seeking advice and raising concerns	53, 85
	2-27 Compliance with laws and regulations	51 - 53
	2-28 Membership associations	None

GRI CONTENT INDEX

GRI standard	Disclosure	Location
GRI 2: General Disclosures 2021	2-29 Approach to stakeholder engagement	40 - 41
	2-30 Collective bargaining agreements	As at 31 December 2022, 27% of our full-time employees in our Workforce are covered by collective bargaining agreements. The collective bargaining agreements only cover the rank-and-file employees who are mainly clerical, sales and service staff.
GRI 3: Material Topics 2021	3-1 Process to determine material topics	42 - 43
	3-2 List of material topics	43
	3-3 Management of material topics	44 - 53
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	45
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	53
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	47
	302-3 Energy intensity	47
GRI 303: Water and Effluents 2018	303-5 Water consumption	46
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	48
	305-2 Energy indirect (Scope 2) GHG emissions	48
	305-4 GHG emissions intensity	48
GRI 306: Waste 2020	306-3 Waste generated	48
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	50 - 51
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	51
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	49
	403-10 Work-related ill health	49
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	50
	404-2 Programs for upgrading employee skills and transition assistance programs	50
	404-3 Percentage of employees receiving regular performance and career development reviews	50
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	51
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	51
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	52, 60 - 61
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	52

Investor Relations

Building and maintaining investor confidence and trust through open dialogue and two-way communication is at the core of the Group's investor relations initiatives.

In line with the continuous disclosure obligations of the Company pursuant to the Singapore Exchange Listing Rules and the Singapore Companies Act, the Board's Investor Relations (IR) policy is to ensure that all shareholders are informed regularly, comprehensively and on a timely basis, concerning every significant development that impacts the Group. We do not practise preferential and selective disclosures to any group of shareholders.

Committed to disseminating our financial performance, business strategies and other relevant corporate information in a clear and timely manner, we believe that this will help our shareholders and investors have a better understanding of the Group's strategic and material developments.

Disseminated through various platforms such as SGXNet and the Company's website, our communications come in the form of notifications of corporate results, press releases and other relevant announcements, annual and sustainability reports.

Our corporate website contains information on the Company, including, but not limited to, announcements, news releases, financial statements (current and past), Annual Reports (current and past years) and key events.

In addition, we interact with shareholders via our annual and extraordinary general meetings (which are usually held on Saturdays, wherever possible, to facilitate participation by shareholders). At such events, we actively engage with shareholders to provide them with information that they need to make decisions about the Company, and take the opportunity to solicit and understand their views.

CALENDAR OF EVENTS

FY 2021	FY 2022	Event
1-Mar	1-Mar	Full-Year Results Announcement
7-Apr	15-Apr	Annual Report
24-Apr	30-Apr	Annual General Meeting
11-Jun	10-Jun	Payment of Dividend
13-Aug	12-Aug	Half-Yearly Results Announcement
NA	9-Dec	Rights Issue

Shareholders can contact the Company via a dedicated email - ir@hotelroyal.com.sg - that is featured in the inside cover page of the our annual reports as well as our website. The Company endeavours to respond to all queries. During our recent rights issue held in 4Q2022, we assisted shareholders with their queries via e-mail and a dedicated hotline number.

Apart from timely disclosures pertaining to our financial and operations performance, we have also focused on environmental, social and governance (ESG) matters which have gained increasing attention from various investors. Our engagements in these issues are mainly conveyed through multiple touch points, including receiving feedback on shareholder's concerns, participation in industry conferences as well as our Investor Relations website.

Corporate Social Responsibility

THE ENVIRONMENT

With the travel recovery in 2022, our hotels in Singapore, Malaysia and Thailand have all seen significant occupancy improvements, hence our usage of energy and water have also risen commensurately.

However, the Group aspires to better manage the impact that our operations have on the environment through the consumption of energy, water and generation of waste materials. Our hotels comply with the relevant regulations laid out by the governments in Singapore, Malaysia and Thailand. In Singapore, Hotel Royal @ Queens is recognised for the environmental performance of its building design and operations and awarded with the BCA Green Mark Award (Gold).

We believe that close attention to such sustainability issues is critical to not only profitability and shareholder value, but also to the long-term viability of our business. It is also this reason that CSR and sustainability are part of our 5-Year Roadmap to future-proof the Group's competitiveness and growth.

Energy Conservation and Emissions Reduction

At our hotels in Singapore, Malaysia and Thailand, we mainly rely on municipal sources for electricity that power most of our activities. For cooking purposes for our food and beverage operations, we rely on town gas.

Over the years, we have initiated several ways to reduce electricity consumption and GHG emissions and these include:

- Shutting down chillers and air-cooling towers during lull periods as well as maintaining equipment in good working condition to optimise energy efficiency
- Regular cleaning of air-conditioning filters to reduce air flow resistance
- Switching to energy-saving LED lighting where practicable
- Using motion sensors in lighting systems
- Tracking and reviewing spending on energy consumption regularly to control usage and take corrective actions when unusual trends occur
- Installing roof-top solar panels for water heating purposes
- Switching to environmentally friendly Variable Refrigerant Volume ("VRV") air-conditioning systems to minimise refrigerants needed and allow variable temperature settings for different areas of the property.

Water Conservation

Our hotels also consume water in all aspects of our operations such as the guest rooms, hot water supply, cooling towers, food and beverage, housekeeping, laundry, recreational facilities and public amenities. We therefore have a strong responsibility in ensuring that water usage is optimised and not wasted unnecessarily.

Some of our water monitoring and water-saving initiatives include:

- Installing motion sensor taps in common washrooms and water meters at different retail outlets within the property for closer monitoring
- Conducting regular preventive checks on all taps to detect and repair water leakage
- Moderating water pressure of water valves to reduce water flows at guest rooms and common toilets
- Installing advanced water treatment systems for cooling towers

Waste Management

As a Group, we have initiatives in place to minimise waste materials that are generated in the course of our operations.

Since 2016, we have reduced the use of single-use plastics. We also have a policy of "Reduce, Reuse, Recycle" across our properties. Proper recycling procedures are set up to collect non-hazardous recyclables such as cardboard, paper, plastics, glass and general waste which are disposed by licensed third-party contractors.

THE COMMUNITY

During the year, Hotel Royal @ Queens collaborated with Viv's Schoolhouse to raise funds for Red Cross Singapore's Ukraine humanitarian aid by sponsoring event venue. It also engaged the mobile massage services of the Singapore Association of the Visually Handicapped as part of its staff welfare initiatives.

In April 2022, Hotel Royal Kuala Lumpur hosted a dinner at its Makan-Makan Coffee House for 25 beneficiaries of Kids Orphanage Home during Ramadan. In addition, donations of food, stationery and green packets were also distributed at the event. In addition, staff from our Kuala Lumpur hotel visited the Rumah Tunas Harapan orphanage where they distributed hampers to the residents there. The hotel also gave out bubur lambuk, a traditional congee eaten during the fasting month of Ramadan, to the Fire Brigade Team at Hang Tuah Fire Station on 12 April 2022.

During the year in review, Hotel Royal Bangkok @ Chinatown sponsored lunch boxes to the Samphanthawong District Office on Election Day while Burasari Resort remained committed to its regular participation in the beach cleaning efforts along Phuket's famed Patong Beach.

In FY 2022, the Group's properties donated in cash and kind, a total of $5,031 which was more than a 3-fold increased from the previous year.

THE ARTS

In 2022, the Group did not sponsor any room nights for our regular arts beneficiary, Theatre Practice as the Singapore-based arts group did not have any foreign artistes participating in its performances. From our discussions with Theatre Practice, we expect to resume sponsorship of room nights in 2023. Theatre Practice has lined up its programme for 2023 which includes productions like ***Gallery of Secrets: The Lost Lily*** (4-18 April 2023); ***almost home*** (14-18 September 2023); Extinction Feast (10-13 November 2023) and ***The Nursery Rhymes Project 3 Official Launch*** (8-9 October 2023). The Group remains as one of Theatre Practice's Company Patron in view of our long-term corporate sponsorship relationship.

People Report

The COVID-19 pandemic had turned the world in unimaginable ways and on the front line of the fall out were the travel, tourism and hospitality industries. According to the International Labour Organisation, more than 81 million jobs were lost in the Asia Pacific region in 2020 as a result of the global health crisis.

With border restrictions largely behind us, the travel and hospitality industry has now on an accelerated rebound. Our staff in Singapore, Malaysia and Thailand have been preparing for this upsurge in business and are excited about having more work even as they look to the future with renewed optimism.

Burasari Resort's Restaurant Supervisor Maneera Chaikaew (friends call her Pam), who has been with the Resort for the last 12 years, said with a huge sigh of relief: "I've been very blessed to have kept my job at Burasari. Now that things are better, my full income has been restored and also my family's welfare and livelihood. I am very happy about that!"

Agreeing, Human Resource Manager, Natchaya Tiamchaiyaphum, also known as Nueng, said: "The pandemic has strengthened me and taught me about the uncertainties of life. Now that tourists have returned to Phuket, I am so happy to see our employees back in full force, and enjoying working hard for our guests. We missed them so much!"

Creating Memorable Journeys

Armed with our brand promise "Every Room A Home", our staff of more than 390 at our properties in Singapore, Malaysia and Thailand strive to deliver memorable guest experiences on a daily basis.

As these employees are our most important assets, we want to ensure that their own employee experiences are strongly positive. An exceptional employee experience results when employees have more than just a few great moments but frequent, meaningful interactions over the course of their career. In addition, we strongly believe in training and retraining them so that they can be continually skilled-up for service excellence.

Our ISO-certified staff training programmes emphasise four service deliverables – namely, customer service, attitude, recognition, and work efficiency. In addition, we also provide on-the-job training (OJT) for our front office, food & beverage, housekeeping and security, first aid and customer service employees.

Since early 2022, the travel recovery has led to a tight work schedule, which led to fewer training hours available across the board. In FY 2022, training hours rose by 5% year-on-year to 3,818 hours across the Group, while average training hours per employee reduced from 10.9 hours to 9.7 hours. We hope to resume our usual training programme when operational resources are normalised.

Tracking Employee Journeys

At Hotel Royal, we motivate our staff via regular feedback sessions with senior management, held every quarter. At these meetings, staff are encouraged to provide innovative ideas to improve productivity and resolve work-related issues.

They also participate in the annual Employee Satisfaction Survey which solicits feedback from staff about their training needs, job satisfaction, quality of the work environment, benefits and welfare. In 2022, the Survey garnered a 74% score amongst participating employees, which was a 4 percentage-point decrease over the 2021 survey.

We also track the annual Customer Satisfaction Survey to see how our customers score our services. In 2022, we scored 87% which was a 1 percentage-point decline over the previous year. We also use this Survey to discuss with our staff how the Company as a whole can do better.

Apart from national awards, our best performing staff for the year are recognised internally through the "Outstanding Service Provider of the Year" Award and "Extra Mile Award". In addition, they also vie for the "Outstanding Service Providers" accolades each year.

Rewarding Journeys

Employees want recognition for excellent work – they need to feel that their performance whether it is individual achievements, team collaborations, and positive customer experiences, is reviewed in a fair and comprehensive way.

The industry has a few coveted national awards such as the annual **Excellence Service Awards** (organised by the Singapore Hotel Association); **Hotel Security Awards** (jointly organised by Singapore Hotel Association, Singapore Police Force and the National Crime Prevention Council); **Employee of the Year Awards** (organised by Food, Drinks and Allied Workers Union (FDAWU), National Trades Union Congress and Singapore Hotel Association), as well as the **National Kindness Awards** (organised by SHA/Singapore Kindness Movement). In addition, our properties also give recognition to exceptional employees for the months and quarters of each year.

In 2022, a total of 24 staff in Singapore won awards at the annual Excellence Service Awards – 1 Gold and 23 Silver awards. In addition, two staff received the Hotel Security Awards, while a bell captain won the National Kindness Award and a senior room attendant won the Employee of the Year Award.

Satish Kumar A/L Munusamy, a Maintenance Helper who has worked at Hotel Royal Newton for 6 years, first joined as Room Attendant before being promoted to his current role. In 2022, he won Gold in the Excellence Service Award. "I'm very happy to receive recognition for the work that I do, especially the appreciation that I get from guests and the Company. I will strive and work even harder to be a better team player," he said.

Hotel Royal Newton's Senior Room Attendant Ermawati joined in 2012 as a Room Attendant and was promoted to Senior Room Attendant a few years later. A first-time winner of the Employee of the Year Award in 2022, she is thrilled at the recognition and affirmation of her hard work. Asked how she felt about winning the accolade, she said, "Felt like a dream. I was just doing my best, always hoping that my work will ensure that guests have a memorable stay with us."

Guests' safety is a priority in the hospitality industry and our security staff are trained to be continually vigilant and focused. Senior Security Officer at Hotel Royal @ Queens Mohd Sulaiman Bin Kamat, a silver award recipient at the Excellent Service Award 2022 says "it is a validation of my performance and I am proud to receive the award." Added Zailani Bin Samsuri, Security Supervisor at Hotel Royal Newton, "In our job, we are constantly called upon to deal with risky and unpredictable situations. We have to consistently maintain a high level of vigilance in our work at all times. I am glad that our work ensures a safe environment for all."

EXCELLENCE SERVICE AWARD 2022

Award category	Employee name	Designation	Department
Gold	Satish Kumar A/L Munusamy	Maintenance Helper	Maintenance
Silver	Chang Tze Yun	Duty Manager	Front Office
	Nurinna Binte Mohammed Noor	Guest Service Agent	Front Office
	Stevani	Room Attendant	Housekeeping
	Suci Fatimah	Room Attendant	Housekeeping
	Elfira Fadianty	Linen Maid	Housekeeping
	Tirumal A/L Ramakrishnan	Captain	F&B
	Koh Kee Hiang, William	Security & Safety Officer	Security & Safety
	Mochsen Bin Mohd	Security & Safety Officer	Security & Safety
	Tan Tick Seng	Security & Safety Officer	Security & Safety
	Mohamad Sulaiman Bin Kamat	Senior Security & Safety Officer	Security & Safety
	Low Jian Kai	Kitchen Assistant	F&B
	Tham Chee Choong	Cook	F&B
	Lily Tan	Housekeeping Co-ordinator	Housekeeping
	Wishnuwarman AL Muniandy	Assistant Housekeeping Supervisor	Housekeeping
	Choong Wai Kit, Kenny	Junior Duty Manager	Front Office
	Jaya Ganis K Kannan Aaryan	Bell Captain	Front Office
	Maniselvan AL Krishnan	Senior Duty Manager	Front Office
	Nur Sabrina Binte Abdul Rahim	Guest Services Agent	Front Office
	Kwa Shu Min	Guest Services Agent	Front Office
	Nurshafiqah Binte Ahmad	Guest Services Agent	Front Office
	Rohmat Bin Sarmin	Bell Hop	Front Office
	Syed Faisal Bin Syed Idris Alkhatib	Bell Hop	Front Office
	Ruby Mahmood	Communications Officer	Front Office

HOTEL SECURITY AWARD 2022 (Honesty/Bravery/Vigilance) jointly organised by Singapore Hotel Association, Singapore Police Force and National Crime Prevention Council

Employee name	Designation	Department
Zailani Bin Samsuri	Security Supervisor	Security
Wahid A/L Parasuraman	Security Officer	Security

EMPLOYEE OF THE YEAR AWARD 2022 Organised by Food, Drinks and Allied Workers Union (FDAWU), National Trades Union Congress and Singapore Hotel Association

Employee name	Designation	Department
Ermawati	Senior Room Attendant	Housekeeping

NATIONAL KINDNESS AWARD AWARD 2022 Organised by Singapore Hotel Association & Singapore Kindness Movement

Employee name	Designation	Department
Jaya Ganis K Kannan Aaryan	Bell Captain	Front Office

People Report

Left to right: Wahid A/L Parasuraman, Zailani Bin Samsuri, Tirumal A/L Ramakrishnan, Nurinaa Bte Mohammed Noor, Chang Tze Yun.

Left to right: Suci Fatimah, Ermawati, Satish Kumar A/L Munusamy, Stevani, Elfira Fadianty.

Satish Kumar A/L Munusamy – Maintenance Helper, Hotel Royal Newton

Having worked nearly 6 years as Maintenance Helper at Hotel Royal Newton, Satish won his second award – a Gold in the Excellence Service Award 2022. He first joined the hotel as Room Attendant before being promoted to his current role as Maintenance Helper.

"I'm very happy to receive recognition for the work that I do, especially the appreciation that I get from guests and the Company. I will strive and work even harder to be a better team player," he said.

Chang Tze Yun – Duty Manager, Hotel Royal Newton

Tze Yun joined Hotel Royal Newton in 2021 as Duty Manager, having spent 7 years in the hospitality industry. She is focused on ensuring the needs of guests are met satisfactorily, and as Duty Manager, many times she has to calm angry guests and find alternative solutions for them.

A first time winner of the Excellence Service Awards, Tze Yun said, "I feel very honoured to have won the Silver award – it's a great affirmation of my work!"

"And I feel motivated to work even harder," she quipped.

Nurinaa Bte Mohammed Noor – Guest Service Agent, Hotel Royal Newton

"I am so happy and excited to have this recognition, my very first in the 3 years that I've been with the hotel," said Nurinaa.

As Guest Service Agent, her role is to look after the guests and to ensure their comfort during their stay at Hotel Royal Newton. Teamwork and having the support of colleagues are essential in getting her work done well. Nurinaa attributes her success to the team at Hotel Royal Newton and how they work together to bring joy to their guests.

Suci Fatimah – Room Attendant, Hotel Royal Newton

Room Attendant Suci, who has been with the hotel for nearly 4 years, is similarly focused on taking care of the guests so that they feel at home. That has been her motivation from day 1 and she feels rewarded when guests have an enjoyable stay. Some have even commended her personally. "This Award inspires me to work even harder for them," Suci said.

Left to right: Maniselvan AL Krishnan, William Koh Kee Hiang, Tan Tick Seng, Mochsen Bin Mohd, Lily Tan, Kenny Choong Wai Kit.

Left to right: Jaya Ganis K Kannan Aaryan, Syed Faisal Bin Syed Idris Alkhatib, Ruby Mahmood, Kwa Shu Min, Tham Chee Choong, Wishnuwarman AL Muniandy

Tirumal A/L Ramakrishnan – Captain, Hotel Royal Newton

As a Captain in food & beverage at Hotel Royal Newton, Tirumal believes in going the extra mile in serving guests and customers. "I'm passionate about learning new skills and in providing excellent customer service," he revealed. Having served 3 years at Hotel Royal Newton, Tirumal said that this Award was an honour for him, and encouraged him to work even harder.

Stevani – Room Attendant, Hotel Royal Newton

Room Attendant Stevani has been with the hotel for more than 6 years, and this is the first time she has won the Silver award. She attributes her achievement to her focus on doing her job well and to ensuring that guests are comfortable during their stay.

"I am so excited about winning this Award – particularly that my efforts in doing my job well are appreciated," she said.

Zailani Bin Samsuri – Security Supervisor, Hotel Royal Newton

Having served 11 years at Hotel Royal Newton, Zailani first joined as Security Officer in 2012 and worked his way up to Senior Security Officer and Security Supervisor. He is thankful to the Company for giving him the support in carrying out his job well, and to be a mentor to others.

"In our job, we are constantly called upon to deal with risky and unpredictable situations. We have to consistently maintain a high level of vigilance in our work at all times. I am glad that our work ensures a safe environment for all," Zailani said.

Wahid A/L Parasuraman – Security Officer, Hotel Royal Newton

Backed by an extensive experience in providing security services, Wahid joined the hotel about 2 years ago. Committed staying alert and focused during his work, Wahid is very glad that his vigilance and alertness keeps everyone safe and comfortable. "I am pleased that my contribution is recognised and it drives to work even hard to ensure a secure work environment at all times," Wahid said.

Awards & Accolades

2022

- Bronze Award in the Green Interior & Adaptive Reuse category in MIID REKA Awards 2022 for design excellence organised by Malaysian Institute of Interior Designers.
- Finalist in the Hospitality category in MIID REKA Awards 2022 for design excellence organised by Malaysian Institute of Interior Designers.
- 2 accolades in Hotel Security Award 2022 (Honesty/ Bravery/Vigilance) jointly organised by Singapore Hotel Association, Singapore Police Force and National Crime Prevention Council
- 24 accolades in the Singapore Hotel Association's Excellence Service Award (1 Gold Award and 23 Silver awards)
- One of the recipients for Employee of the Year Award organised by FDAWU (Food, Drinks and Allied Workers Union), National Trades Union Congress & Singapore Hotel Association.
- 1 accolade in SHA/Singapore Kindness Movement Service Gold (National Kindness Award)
- NFEC Fire Safety Award 2022
- SG Clean Certification (since July 2020 & extended till 30 Jun 2023)

2021

- SGX Fast Track Program (2018 to 2021)
  (For being among the top percentile of all listed companies in Singapore for good corporate governance)
- One of the recipients for Employee of the Year Award organised by FDAWU (Food, Drinks and Allied Workers Union)
- 2 accolades in the SHA/SKM Service Gold National Kindness Award
- 7 accolades in the Singapore Hotel Association's Excellence Service Award
  (1 Star award, 4 Gold Awards and 2 Silver awards)
- SG Clean Certification (since July 2020)

2020

- SGX Fast Track Program (2018 to 2021)(For being among the top percentile of all listed companies in Singapore for good corporate governance)
- Singapore Governance and Transparency Index 2020 (Ranked 41 out of 577 SGX-listed companies who were assessed)
- Our staff won 9 accolades in the Singapore Hotel Association's Excellence Service Awards - comprising 2 Star awards, 2 Gold awards and 5 Silver awards

2019

- Hotel Security Excellence Award from Singapore Police, Singapore Hotel Association and National Crime Prevention Council
- Commemorative Award (for being an EXSA Champion Organisation - 10 or more consecutive years of commitment and support to the Excellent Service Award Movement) at the Singapore Hotel Association's Excellent Service Award 2019
- Friend of the Arts Award by National Art Council

2018

- Best Investor Relations Award (Singapore Corporate Award) (Mid-Cap, Silver)
- Most Transparent Company Award (SIAS Investors' Choice Award) (Hotel/Restaurant, Winner)
- Hotel Security Excellence Award (Singapore Hotel Association, Singapore Police Force and National Crime Prevention Council)
- NFEC Fire Safety Award (National Fire & Civil Emergency Preparedness Council)
- Friend of the Arts Award (National Art Council)

Corporate Governance Report

The Board and management of Hotel Royal Limited firmly believe that the Group's unwavering commitment to the best practices of corporate governance is essential to its sustainability and performance in the long-term. Driven by a strong sense of creating value and accountability towards its investors and stakeholders, Hotel Royal's quest for corporate excellence lies in its belief in developing and maintaining sound, transparent, consistent policies and practices. The Group is focused on complying with the latest updated versions of Singapore's Code of Corporate Governance – not only to the letter of the Code but to the spirit of the Code as well. In doing so, we endeavour to achieve operational excellence and long-term strategic objectives for long-term growth and value for our shareholders.

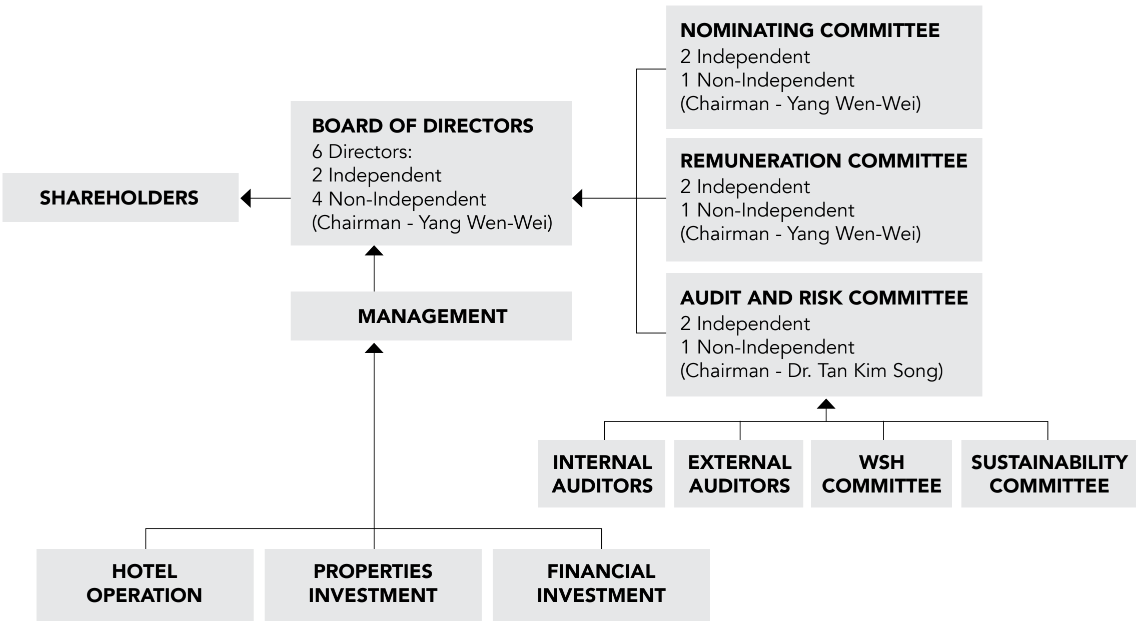
Corporate Governance Report

Hotel Royal Limited (the "**Company**", together with its subsidiaries, the "**Group**") is committed to achieving the highest standards of corporate governance, to promote corporate transparency, to protect the interests of its stakeholders and to enhance shareholder value. The Board of Directors (the "**Board**") and Management believe that sound corporate governance supports long-term value creation.

This report describes the Company's corporate governance framework and practices for the financial year ended 31 December 2022 ("**FY 2022**") with specific reference to the principles and provisions of the Code of Corporate Governance 2018 (the "**Code**"). For FY 2022, the Company has complied with all the principles of the Code and substantially all the provisions set out thereunder. Variations in practice from any provision of the Code are explained in this report.

The Annual Report should be read in totality for Hotel Royal's full compliance.

CORPORATE GOVERNANCE FRAMEWORK AS AT 31 DECEMBER 2022



I. BOARD MATTERS

THE BOARD'S CONDUCT OF ITS AFFAIRS

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

PROVISION 1.1

Principal Duties of the Board

The Board is collectively striving to create value for its shareholders so as to ensure the long-term success of the Group through the development of the appropriate strategy, business model, risk appetite, compensation framework, and succession planning. The Board also sets the tone for the entire organisation with regards to its values and standards, including established ethical standards and policies within the Group. Board members are expected to act in good faith and exercise independent judgement in the best interests of the Group. It believes that when making decisions, all Directors of the Board should discharge their duties and responsibilities at all times as fiduciaries, and act objectively in the interests of the Group, while holding Management accountable for performance.

The principal functions of the Board, in addition to carrying out its statutory responsibilities, inter alia, are as follows:

- provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Company to meet its strategic objectives;
- establish and maintain a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and Group's assets;
- Oversees and reviews the management of the Group's business affairs, including financial controls, financial performance reviews, key operational initiatives, resource allocation, compliance and corporate governance practices;
- constructively challenge Management and review its performance and remuneration packages;

- identify the key stakeholder groups and recognise that their perceptions will affect the Company's reputation;
- set up the Group's values and standards (including ethical standards), and ensure that obligations to shareholders and other stakeholders are understood and met;
- consider sustainability issues including environmental, social and governance factors as part of its strategic formulation of the Group;
- approve the release of the Group's half yearly and full-year results and related party transactions of a material nature; and
- assume the responsibilities for the corporate governance.

Independent Judgement

The Board and Management believe that a robust and effective Board must engage Management in open and constructive discussion and challenge Management that its assumptions and proposals are not detrimental to good corporate governance.

Each Director is to exercise his due diligence and independent judgement to act in good faith and in the best interest of the Company and works with Management to take objective decisions in the interest of the Group, so as to enhance the long-term value of the Group to its shareholders.

Conflict of Interest

Any Director facing a conflict of interests will recuse himself from discussions and decisions involving the issue of conflict.

All Directors update the Board on a timely basis, through the Company Secretary, of interest in new companies that were not previously disclosed to the Board. Additionally, at the start of each financial year, all Directors are to submit a letter to the Company Secretary of all their interest in other companies, which are to be read and acknowledged by the Board. This is to better monitor any related or interested persons' transactions.

In view of the need to ensure that corporate governance systems function effectively, the Company proactively and promptly disclose information in a manner that promotes proper and transparent operations.

PROVISION 1.2

Board Orientation and Training

Director Orientation

A formal appointment letter is sent to all newly-appointed Directors upon their appointment, explaining, among other matters, their roles, obligations, duties and responsibilities as members of the Board. All new Directors are oriented by senior Management with the Company's and Group's businesses and operations, its significant financial, accounting and risk management issues, code of corporate governance, policies on disclosure of interests in securities, the rules relating to disclosure of any conflict of interest in a transaction, its principal officers and independent auditors. During the year under review, there were no new Director appointments in the Company.

Training

A vital component of good corporate governance, the training of our Directors is essential to keep pace with regulatory changes.

The Directors' own initiatives are supplemented from time-to-time with information, updates, sponsored seminars conducted by external professionals and relevant courses conducted by the Singapore Institute of Directors, including any changes in legislation and financial reporting standards, government policies, regulations and guidelines from SGX-ST and Accounting and Corporate Regulatory Authority ("**ACRA**") that affect the Company and/or Directors in discharging their duties.

Directors can request for further explanations and conduct informal discussions on any aspect of the Group's operations or business issues with Management. During the year, the Company Secretary provided updates on regulatory changes and apprised of amendments to the Listing Manual and relevant media releases by the SGX-ST and ACRA.

In FY 2022, the Company's external auditors provided updates to the ARC on new and revised financial reporting standards that were applicable to the Company and Group. The Directors also attended training on sustainability matters such as Environment, Social and Governance ("**ESG**") while external professionals briefed them on the Task Force on Climate-Related Financial Disclosures ("**TCFD**"). Management also updated the Directors on the Workplace Safety and Health ("**WSH**") Act.

The Company has set aside funding and is responsible for arranging and funding the training of Directors.

Directors are encouraged to constantly keep abreast of developments in regulatory, legal, and accounting frameworks that are of relevance to the Group, through the extensive opportunities for participation in training courses, seminars and workshops, as relevant and/or applicable. Directors are at liberty to request for any further explanations, briefings or information on other aspects of the Company and/or the Group's operations or business issues from Management when required. The Board is regularly updated on risk management, corporate governance, and other major changes in the regulatory requirements and financial reporting standards that are relevant to the Group.

Relevant new releases issued by the SGX-ST and ACRA as well as news articles that are relevant to the Group's business are regularly circulated to the Board.

Corporate Governance Report

PROVISION 1.3

Board Approval

Internal Limits of Authority

The Group has internal guidelines governing matters that require the Board's approval which include: -

- approval of the Group strategic objectives;
- approvals of the annual operating and capital expenditure budgets and any material changes to them;
- review of performance in the light of the Group strategic objectives and business plans;
- changes relating to the Group capital structure including reduction of capital and share issue;
- approval of the half-yearly and full year's results announcements, annual reports and financial statements, including the corporate governance report;
- approval of the dividend policy and declaration of the interim dividend, if any, and recommendation of the final dividend;
- approval of any significant changes in accounting policies or practices;
- ensuring maintenance of a sound system of risk management and internal controls;
- approval of major capital projects;
- contracts regarding acquisitions or disposals of major fixed assets (including intangible assets such as intellectual property) and substantial bank borrowings;
- major investments and expenditure;
- approval of resolutions and corresponding documentation to be put forward to shareholders at a general meeting including approval of all circulars and prospectuses;
- approval of press releases concerning matters decided by the Board;
- changes to the structure, size and composition of the Board, including following recommendations from the NC regarding appointment, cessation of Directors, members of Board Committees;
- determine the remuneration policy for the Directors, and other senior executives including the introduction of new share incentive plans or major changes to existing plans, to be put to shareholders for approval;
- establish board committees and approving their terms of reference, and approving material changes thereto;
- approval of policies, including, code of conduct, share dealing code, whistle blowing policy, environment and sustainability policy and corporate social responsibility policy;
- any decision likely to have a material impact on the Company or Group from any perspective, including, but not limited to, financial, operational, strategic or reputational; and
- appointment and removal of Company Secretary.

The Group has established financial authorization limits for matters such as capital budgets, credit limits and the acquisition and disposal of investments. The Board approves transactions exceeding a certain threshold limits, while delegating the authority for transactions below those limits to Management in order to optimize operational efficiency.

The matters which are decided and approved by the Board are clearly documented in the minutes of the meetings and board resolutions, and kept with the Company.

PROVISION 1.4

Delegation by the Board

Board Committee

To assist in the execution of its responsibilities, the Board has established a number of committees, including an Audit and Risk Committee ("**ARC**"), a Nominating Committee ("**NC**") and a Remuneration Committee ("**RC**"). These committees are chaired by Independent Directors and function within clearly defined terms of reference and operating procedures. The terms of reference for each Board Committee set out the responsibilities of the Board Committee, conduct of meetings, including quorum, voting requirements and qualifications for Board Committee membership. The terms of reference are reviewed on a regular basis to ensure their continued relevance and efficacy. Any change to the terms of reference for any Board Committees requires Board approval.

These committees review matters on behalf of the Board and are subjected to the terms of the relevant committee's terms of reference:

- refer matters to the Board for decision, with a recommendation from the committee (where the committee acts in an advisory capacity); or
- determine matters (where the committee acts with delegated authority), which it then reports to the Board.

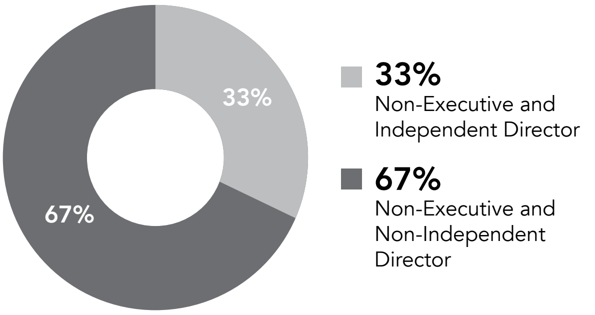
The minutes of Board Committee meetings, which records the key deliberations and decisions taken during these meetings, are circulated to all Board members for their information.

While the Board Committees have been delegated power to make decisions within the authority delegated to the respective committees, the ultimate responsibility for the decisions and actions rests with the Board as a whole.

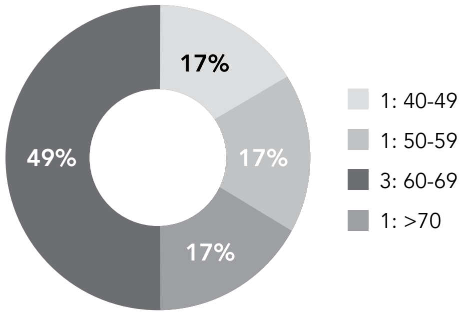
COMPOSITION OF BOARD AND BOARD COMMITTEES

Director	Board Membership	Committee Membership		
		Audit and Risk	Nominating	Remuneration
Yang Wen-Wei	Independent Non-Executive Director and Non-Executive Chairman	Member	Chairman	Chairman
Dr Tan Kim Song	Independent Non-Executive Director	Chairman	Member	Member
Lee Khin Tien	Non-Executive Non-Independent Director	Member	Member	Member
Lee Kin Hong	Non-Executive Non-Independent Director	–	–	–
Dr Lee Chu Muk	Non-Executive Non-Independent Director	–	–	–
Lee Chou Hor George	Non-Executive Non-Independent Director	–	–	–

Independence



Age Group of Our Directors



PROVISION 1.5
PROVISION 1.6

Board Meetings and Attendance

The attendance of the directors at scheduled Board and Board Committee Meeting during FY 2022 is as follows:

Director	Board Meeting	Board Committee Meetings			Non-Executive Directors' Meeting (without presence of Management)	AGM
		Audit & Risk	Nominating	Remuneration		
Dr Tan Kim Song	4	4	1	1	1	1
Yang Wen-Wei	4	4	1	1	1	1
Lee Khin Tien	4	4	1	1	1	1
Lee Kin Hong	4	–	–	–	1	1
Dr Lee Chu Muk	4	–	–	–	1	1
Lee Chou Hor George	4	–	–	–	1	1
No. of Meeting Held in FY 2022	**4**	**4**	**1**	**1**	**1**	**1**

Board Meetings

Each Director exercises equal responsibility in overseeing the business and affairs of the Company and objectively takes decision in the interest of the Company.

The schedule of all Board, Board Committee meetings and annual general meeting is notified to all Directors well in advance at the beginning of each financial year, in consultation with the Directors. The Board met on a quarterly basis in FY 2022 to review inter alia the financial results and updates on the Company's and Group's developments.

Management has supplied the Board with adequate information in a timely manner, so as to ensure that the Board has adequate time to review the materials, and to facilitate constructive and effective discussions during meetings.

The Company's Constitution also provides for the Board to conduct its meeting via teleconferencing or videoconferencing on a timely basis when physical meeting is not possible. The Board and its sub-committees may also make decision through circular resolutions in writing, including by electronic means.

In each meeting where matters requiring the Board's approval are to be considered, all members of the Board participate in the discussions and deliberations; and resolutions in writing are circulated to all Directors for their consideration and approval. The Management's proposals submitted to the Board for approval are accompanied with detailed background and explanatory information such as facts, resources, requirements, financial impact, risk analysis, disclosure requirements under the Listing Rules of SGX-ST, and recommendations. The exception is where a Director has a conflict of interest in a particular matter, in which case he will be required to recuse himself from the deliberations and abstain from voting on the matter. This principle of collective decisions adopted by the Board ensure that no individual influences or dominates the decision-making process.

If a Director is unable to attend a Board or Board Committee meeting, the Director will receive all the meeting papers so that he can review them and let the Chairman of the Board or Committee Chairman have his views, which will be conveyed to other members at the meeting.

Multiple Board Representations

Limit on Other Directorships in Listed Entities

Other than directorships in the Company, none of the Directors hold directorships in other listed companies during FY 2022 and preceding three years. The Board is of the view that a Director should not hold more than four directorships in listed entities for a director with full-time employment and not more than six directorships in listed entities for a Director with no full-time employment. All Directors are required to declare their board representations at the first Board meeting of each financial year and to inform the Board as and when there are new board representations.

Access to Information

The Company recognises the importance of continual dissemination of relevant information which is explicit, accurate, timely and vital to the Board in exercising its duties. As such, the Board is provided with the report on the Company's progress and drawbacks in meeting its strategic business objectives or financial targets and other information relevant to the strategic issues encountered by the Company prior to the Board meetings so that the Directors would have sufficient time to understand the matters which are to be discussed.

Directors are entitled to request from Management additional information to help them make informed decisions. Management shall provide the same to the Directors in a timely manner.

Management keeps the Board informed of the Group's operations and performance through regular updates and reports as well as through informal discussion. Prior to any meetings of the Board or Board Committees, Directors are provided, where appropriate, with management information to enable them to participate at the meetings. The Chief Executive Officer ("CEO") of the Company is present at Board and Board Committee's meetings to address any queries which the Board may have. The CEO also provides update on business and strategic developments pertaining the Group's business to the Directors at each Board meeting during FY 2022.

PROVISION 1.7

Access to Management and Company Secretary

All Directors have separate and independent access to the Management in order to better understand the challenges faced by the Group as and when further enquiry or additional information is required. Management endeavours to meet their requirements in a timely manner so as to enable them to make informed decisions. The input of the Director, through such engagement, provides valuable perspective to Management. Directors also have ongoing interactions across various levels and functions within the Company.

The Directors also have separate and independent access to the Company Secretary. The Secretary play a significant role in supporting the Board in discharging its duties and are trained in company secretarial practices. The Company Secretary is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. She administers and attends all Board and Board Committees meetings of the Company and prepares minutes of meetings. Her responsibilities also include advising the Board on all governance matters as well as facilitating orientation and assisting with professional developments as directed by the Chairman.

The Management together with the Company Secretary also ensure that the Company complies with the applicable statutory and regulatory rules. The Directors can contact the Management and the Company Secretary via video-conferencing, emails, text messages, telephone or meet up in a physical meeting.

The appointment and the removal of the Company Secretary are subject to the approval of the Board as a whole.

Independent Professional Advice

Professional advices can be sought by the Board when necessary to enable the Board or its Independent Directors to carry out their roles effectively. Individual Directors may also obtain professional advice to assist them in the execution of their tasks, subject to the approval from the Chairman, at the Company's expense.

BOARD COMPOSITION AND GUIDANCE

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

PROVISION 2.1

Board Independence

The Board, taking into account the NC's view, assesses the independence of each Director (with special attention given to Directors who has served for more than 9 years) in accordance with the Code on an annual basis.

An independent director is one who is independent in conduct, character and judgement, and has no relationship with the company, its related corporations, its substantial shareholders* or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement in the best interests of the company. In line with the guidance of the Code, the Board also takes into account of the existence of such relationships or circumstances, if any, including the employment of a director, or an immediate family member, by the Company or any of its related companies during the financial year in review or any of the previous three financial years; the acceptance by a director, or an immediate family member, of any significant compensation from service to the Board; and a director being related to any organisation from which the Company or any of its subsidiaries received significant payment or material services during the financial year in review or the previous financial year.

- A substantial shareholder is a shareholder who has an interest or interests in one or more voting shares (excluding treasury shares) in the Company and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all voting shares (excluding treasury shares) in the Company.

In assessing the independence of the Directors, the Board through the NC has examined the different relationship identified by the Code and the Guide that might impair the Directors' independence, and is satisfied that Mr Yang Wen-Wei and Dr Tan Kim Song are independent and able to act with independent judgement.

There is presently a strong independent element on the Board, the independence of each Director is assessed and reviewed by the NC annually. Consistent with previous practice, the NC had undertaken a rigorous review of the independence of each Independent Director. Led by the NC Chairperson and facilitated by the Company's external corporate secretarial service provider, the assessment was conducted by means of a confidential and incisive questionnaire completed by each Director and a declaration of independence completed by each Independent Director. The results were analyzed and discussed at the NC and Board meetings. Each member of the NC had abstained from deliberations in respect of the assessment on his own independence.

Each of Independent Director also confirmed that they are independent and have no relationship identified in the Code and listing rules of the SGX-ST. Through the NC, the Board considers all two independent Directors, Mr Yang Wen-Wei and Dr Tan Kim Song to be independent including independence from the 5% shareholders of the Company.

The Code states that the independence of any Director who has served on the Board beyond 9 years from the date of his first appointment should be subject to particularly rigorous review. As at 31 December 2022, there was no director who has served more than 9 years on the Board.

During FY 2022, the Company had complied with the relevant provisions of the Code and Listing Rules as there was a strong and independent element on the Board with an independent Chairman, one-third of the Board being Independent Directors and all the Directors are non-executive directors. The non-executive Directors contribute to the Board process by monitoring and reviewing Management's performance against goals and objectives. Their views and opinions provide alternative perspectives to the Group's business.

The Board enjoys open, candid and robust discussion and no individual or small group of individuals dominate the Board's decision making. All independent directors have unrestricted and direct access to Management so that they can seek clarifications before or after Board meetings.

Corporate Governance Report

PROVISION 2.2
PROVISION 2.3

Proportion of non-executive independent directors

The Chairman is an Independent Non-Executive Director and the Non-Executive Independent Directors forms one third of the Board composition.

All the Directors are non-executive.

The profiles of the Directors are set up on pages 8 to 9 of this Annual Report.

The Company has complied with the required provisions.

PROVISION 2.4

Board Composition

Board Size

The Board believes that it should generally have at least 6 members and not more than 9 Directors. This range permits a good mix of expertise and experience without hindering effective deliberation.

The sizes and composition of the Board and Board Committees are reviewed annually by the NC to ensure that the sizes of the Board and Board Committees are appropriate so as to facilitate effective decision making. The review will ensure that there is an appropriate mix of expertise and experience, which the Group may tap on for assistance in furthering its business objectives and shaping its business strategies. The Board, with the concurrence of the NC, is of the opinion that its current board size and composition is appropriate to facilitate effective decision making, taking into account the nature and scope of the Group's operations and the wide spectrum of skills and knowledge of the Directors.

Board Diversity

The Board and its Board committees collectively possesses the core competencies, appropriate mix of expertise and experience for effective functioning and decision-making. Together, the Board and Board Committees comprise Directors who as a group provide a broad range and an appropriate balance and diversity of expertise in areas such as accounting, finance, knowledge of the Company's business, management and operations experience and strategic planning experience, knowledge and age as well as familiarity with regulatory requirements. The diversity of the Directors' experience allows for useful exchange of ideas and views.

The Board has recently adopted a written Board Diversity Policy which recognizes the importance of diversity at the recommendation of the NC. The Board firmly believes that its effectiveness and decision-making will be enhanced as it harness the variety of skills, industry and business experiences, gender, age, ethnicity and culture, geographical background and nationalities, tenure of service, and other distinguishing qualities of its own diverse Board. The NC is responsible for administering this policy and for evaluating it annually.

The Board is aware that gender diversity on the Board is one of the recommendations under the Code to provide an appropriate balance of diversity. The Board is currently looking for a suitable independent female director to increase the number of independent Directors.

The Board has taken the following steps to maintain or enhance its balance and diversity:

(a) assessing the existing attributes and core competencies of the Board are complementary and enhance the efficacy of the Board; and
(b) evaluation by the Directors of the skill sets the other Directors possess, with a view to understand the range of expertise which is lacking by the Board.

The profile of the Directors and other relevant information are set out under the "Board of Directors" section on pages 8 and 9 of this Annual Report.

The shareholdings of the individual Directors of the Company are set on pages 100 and 173 of this Annual Report. None of the Directors hold shares in the Company's subsidiaries.

PROVISION 2.5

Meeting of Independent Directors without Management

Independent Directors' Meetings

The independent Directors communicate regularly to discuss matters such as the Group's financial performance, corporate governance initiatives, the performance of the Management, and the remuneration of the senior Management.

During FY 2022, the Independent Directors led by the Independent Chairman had met at least once without the presence of the Management to discuss about the performance of Management. They provided feedback to the Board after such meeting, as appropriate.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

PROVISION 3.1

Separation of the Role of Chairman and the Chief Executive Officer ("CEO")

Relationship Between Chairman and CEO
Mr Yang Wen-Wei is the Independent Non-Executive Chairman. The Chairman and the CEO are two separate persons who are not related.

PROVISION 3.2

Role of Executive Chairman and CEO

Chairman's Role

The Chairman's roles in relation to Board matters are as follows:

- lead the Board to ensure its effectiveness on all aspects of its role;
- set the agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues;
- promote a culture of openness and discussion at the Board;
- encourage constructive relations between the Board and Management;
- exercise control over quality, quantity and timeliness of the flow of information between Management and the Board;
- ensure effective communication with shareholders and other stakeholders;
- facilitate the effective contribution of all Directors; and
- promote high standards of corporate governance with full support of the Board, the Management and the Company Secretary.

There is a clear division between the leadership of the Board and the CEO. The CEO's functions include the overall management, implementing the strategic direction of the Board and the overall management and the realisation of organisational objectives of the Group. No one individual represents a considerable concentration of power.

PROVISION 3.3

Appointment of Lead Independent Director

Role of the Lead Independent Director

The Code provides for a Lead Independent Director to be appointed by the Board in situations where the Chairman is conflicted and when the Chairman is not independent. For FY 2022, the NC and the Board, having taken into consideration the Company's current business operations and current Board size were of the view that the appointment of Lead Independent Director was not necessary.

Although no Lead Independent Director has been appointed, the Company's Independent Directors set aside time to meet (with the presence of other Directors) at least once a year. They provide their feedback to the Chairman of the Board. The Independent Director meet regularly with, and have unrestricted access to the CEO, other senior management members, as well as other Non-Executive Directors to discuss matters relating to the Group.

Directors and Management are also accessible to the Company's Shareholders, and the Company has always responded to queries raised by its shareholders. The absence of a Lead Independent Director has not impacted, and is unlikely to impact, the efficient communication between the Board and the shareholders or other stakeholders of the Company.

The current Board Chairman, Mr Yang Wen-Wei, is an Independent Director. As such, the appointment of a Lead Independent Director is not necessary. Nevertheless, the Board will, on an annual basis, examine the need for the appointment of a Lead Independence Director.

BOARD MEMBERSHIP

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

PROVISION 4.1
PROVISION 4.2

NC Composition and Role

The Nominating Committee

The NC is established for the purpose of ensuring there is a formal and transparent process for all Board appointments, taking into account the need for progressive renewal of the Board.

NC Composition: The NC consists of three Directors; namely, Mr Yang Wen-Wei (Chairman), Dr Tan Kim Song and Mr Lee Khin Tien. 67% of the members of the NC, including its Chairperson, are independent.

Key Terms of Reference: The key terms of reference of the NC are to:

- evaluate and review nominations for appointment and re-appointment to the Board and the various committees;
- nominate Directors for re-election at the AGM, having regard to the Director's contribution and performance;
- determine annually and as and when circumstances require if a Director is independent;
- recommend to the Board the process for the evaluation of the performance of the Board, the Board Committees and individual Directors, and propose objective performance criteria to assess the effectiveness of the Board as a whole and the contribution of each Director and annual assessment of the effectiveness of the Board;

- decide whether a Director who has multiple board representations is able to and has been adequately carrying out his duties as Director of the Company;
- review and make recommendations to the Board on the succession plans for Directors, in particular, the appointment and/or replacement of the Chairman, the CEO and key management personnel;
- review training and professional development programs for the Board and its Directors; and
- perform such other functions as may be assigned by the Board.

The NC and the Board will, at least once every year, review the terms of reference of the NC.

PROVISION 4.3

Board Renewal & Succession Planning

Succession Planning: Succession planning is a critical part of the corporate governance process. The NC seeks to refresh the Board membership in an orderly and progressive manner, so as to avoid losing institutional memory.

The NC is responsible for identifying and recommending new members to the Board for approval, after considering the necessary and desirable competencies such as their integrity, skills, experience, financial literacy and diversity of expertise. Accordingly, in selecting potential new Directors, the NC will seek to identify the competencies required to enable the Board to fulfil its responsibilities. The NC may engage consultants to undertake research on, or assess, candidates for new positions on the Board, or to engage such other independent experts as it considers necessary to carry out its duties and responsibilities.

The NC also reviews the succession planning for senior management, especially the CEO. As part of this review, the successors to key positions are identified, and development plans are instituted for them.

The NC conducts a regular review of the succession plan for Board members, the CEO and senior management of the Company.

Process for Selection and Appointment of New Directors

The Board considers the benefits of diversity of skills, experience, background, gender, age, ethnicity and other relevant factors. When a vacancy arises under any circumstance, either as part of the Board renewal process or where it is considered that the Board would benefit from the services of a new Director with particular skills, the NC or the Board would determine the selection criteria and sources for candidates. The NC would make reference checks, meet up with the candidates, assess their suitability, and make recommendation to the Board. Shortlisted candidates would meet up with the other Board members before the Board approves the appointment.

Process for Re-appointment of Directors

Re-Nomination of Retiring Directors: The NC reviews and recommends to the Board the re-nomination of retiring Directors standing for re-election and appointment of new Directors. The review ensures that the director to be re-nominated or appointed is able to contribute to the ongoing effectiveness of the Board, has the ability to exercise sound business judgement, and has demonstrated leadership experience, high levels of professional skills and appropriate personal qualities.

All directors will submit themselves for re-election at regular intervals of at least once every three years. Pursuant to Article 117 of the Company's Constitution, at least one-third of the directors shall retire from office at the Company's Annual General Meeting. In addition, Article 122 of the Company's Constitution provides that a newly appointed director must submit himself for re-election at the Annual General Meeting following the appointment.

The NC has recommended to the Board that Dr Tan Kim Song and Dr Lee Chu Muk (retiring pursuant to Article 117), be subject to retirement by rotation pursuant to Company's Constitution. Dr Tan Kim Song and Dr Lee Chu Muk have consented to continue in office and have offered themselves for re-election at the coming AGM of the Company. In recommending the re-election of Dr Tan Kim Song and Dr Lee Chu Muk, the NC has considered the Directors' overall contribution, attendance and participation at Board and Board Committee meetings. The Board has accepted the NC's recommendation.

Each member of the NC had abstained from voting on any resolution and making any recommendation and/or participated in respect of his own re-election, if any, as Director of the Company.

Details of the Directors seeking re-election are set out on pages 178 to 182 of this Annual Report.

Alternate Directors

Alternate Directors: The Board does not provide for the appointment of alternate directors. The Company currently does not have any alternate Director on the Board.

PROVISION 4.4

Continuous Review of Directors' Independence

Annual Review of Directors' Independence: In recommending the above Directors for re-election, the NC has given regard to the results of the board assessment (please refer to paragraphs under Board Performance regarding assessment of Board performance) in respect of his competencies in fulfilling his responsibilities as Director of the Board. The NC has also reviewed the independence of Mr Yang Wen-Wei and Dr Tan Kim Song. In assessing their independence, the NC having considered the guidelines set out in the Code and the Guide, is of the view that Mr Yang Wen-Wei and Dr Tan Kim Song are independent. There are no relationships identified in the Code and the Guide which would deem them not to be independent. Mr Yang Wen-Wei and Dr Tan Kim Song have also declared that they are independent.

The Board recognises the Independent Directors' contribution and that they have over time developed an in-depth understanding of the Group's business and operations. The Independent Directors provide invaluable contributions to the Group.

PROVISION 4.5

Directors' Time Commitments

To address competing time commitments when Directors serve on multiple boards, the Board had set a maximum limit of four directorships that directors may hold concurrently in listed companies for a director with full-time employment, and a maximum limit of six directorships in listed companies for a director with no full-time employment. None of the Directors hold board seat in other listed companies during FY 2022.

All Directors are required to declare their board representations. When a Director has multiple board representations and heavy principal commitments, the NC will consider whether the Director is able to adequately carry out his duties as a Director of the Company.

The NC has reviewed each Director's external directorships, their principal commitments, as well as each Director's attendance and contributions to the Board. Though some Directors hold multiple directorships in non-Group entities, the NC is satisfied that these Directors spent adequate time and attention to the Company's affairs and have discharged their responsibilities.

Initial appointment and last Re-Election of Directors

Details of the year of initial appointment and last re-election of the Directors together with their directorships in other listed companies are appended below:

Director	Position	Date of Initial Appointment	Date of Last Re-election / Re-appointment	Other principal commitments	Present directorships in other public listed companies
Yang Wen-Wei	Independent Non-Executive Chairman	28 April 2018	30 April 2022	Executive Operating Officer of Merdeka Construction Company Pte. Ltd.	None
Dr Tan Kim Song	Independent Non-Executive Director	2 March 2015	27 June 2020	Associate Professor of Singapore Management University	None
Lee Khin Tien	Non-Executive Director	31 December 1996	30 April 2022	Director of Aik Siew Tong Limited, Melodies Limited and The Singapore-Johore Express (Private) Limited	None
Lee Kin Hong	Non-Executive Director	21 June 2002	24 April 2021	Director of The Singapore-Johore Express (Private) Limited, Aik Siew Tong Limited and Melodies Limited	None
Dr Lee Chu Muk	Non-Executive Director	27 April 2019	27 June 2020	General Practitioner of M Medical Clinic	None
Lee Chou Hor George	Non-Executive Director	29 June 2020	24 April 2021	Director of Hock Tart Pte Ltd, Aik Siew Tong Limited, Melodies Limited and The Singapore-Johore Express (Private) Limited	None

Number of Meetings: The NC held one meeting during FY 2022. The NC has ad-hoc meetings on matters requiring urgent attention, which would then be formally confirmed and approved by circulating resolutions in writing.

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

BOARD PERFORMANCE

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

PROVISION 5.1
PROVISION 5.2

Board Evaluation Process

We believe that the Board's performance is ultimately reflected in the long-term success of the Group.

The Board ensures compliance with applicable laws and Board members act in good faith, with due diligence and care in the best interests of the Company and its shareholders. In addition to these fiduciary duties, the Board is charged with two key responsibilities: setting strategic directions and ensuring that the Company is ably led. The measure of a Board's performance is also tested through its ability to lend support to Management especially in times of crisis, such as during the COVID-19 pandemic, and to steer the Group in the right direction.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to our Board possess the relevant background, experience and knowledge in technology, business, finance and Management skills critical to the Company's business and that each Director with his special contributions brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The Board has implemented a process for assessing the effectiveness of the Board as a whole and its Board Committees, and for assessing the contribution by directors to the effectiveness of the Board and the Chairman's leadership.

The Board did not engage any independent external consultant to facilitate the annual review of the performance of the Board, the Board Committees and the individual Directors for FY 2022. However, the NC and the Board are open to the idea should such a need arise to enhance or enliven the Board performance evaluation process.

Board and Board Committees Evaluation Criteria

During the financial year, all Directors were requested to complete a questionnaire to assess the overall effectiveness of the Board and the Board Committees. Factors evaluated include, among other matters, board structure, size, composition, meetings and accountability, access to information, risk management and internal control, management performance, succession planning, remuneration and communication with shareholders. The results of the questionnaire are first reviewed by the NC, tabled as an agenda for Board's discussion to determine areas for improvement and enhancement.

The evaluation criteria for Board Committee take into account factors and criteria deliberated and discussed at NC during the FY 2022 include, among others, the composition of the Board Committee, the provision of information, committee procedures as well as criteria which are specific to each Board Committee. The NC makes its recommendations to and shares its conclusions with the Board.

The results of the performance evaluation exercise are used as a reference by the Chairman to review, where appropriate, the composition of the Board and its Board Committees, and in consultation with the NC, to support its proposals for Board renewal, so as to improve the effectiveness of the Board's oversight the Company. Comments received from the NC are compiled and presented to the Board in due course.

Individual Director Evaluation

The performance of individual Directors is evaluated annually and informally on a continual basis by the NC and the Chairman. Factors taken into account include attendance at Board and Board Committees' meetings, industry and business knowledge, acumen in the development of the Group's strategy, participation at meetings, ability to make informed business decision, constructive challenge to Management as well as other factors as provided under the Code's guidelines. The Board will then act on the results where appropriate.

The Board was satisfied with results of the annual evaluation of the performance of the Board, its Board Committees and individual Directors' assessment for FY 2022.

Renewal & Replacement of Board Members

Renewal or replacement of Board members, when it occurs, does not necessarily reflect their contributions to date, but may be driven by the need to position and shape the Board in line with the medium-term needs of the Company and its business.

After the NC's review of the contribution by each individual Director to the effectiveness of the Board as a whole and its Board Committees for FY 2022, it is satisfied that sufficient time and attention have been given by the Directors to the affairs of the Company and the Group.

II. REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

PROVISION 6.1
PROVISION 6.2

RC Composition and Role

The RC makes recommendations to the Board on the framework of remuneration and the specific remuneration packages for each Directors.

RC Composition

The RC comprises three directors; namely Mr Yang Wen-Wei (Chairman), Dr Tan Kim Song and Mr Lee Khin Tien. Where necessary, the Committee can engage professional help from external consultants in areas of executive compensation.

67% of the members of the Remuneration, including its Chairman, are independent, and all its members are non-executive Directors.

Key Terms of Reference: The key term of reference of the RC are to:

- recommend to the Board a framework of remuneration for Board members as well as key management personnel;
- determine specific remuneration packages for each Non-Executive Director and the CEO;
- review the terms, conditions and remuneration of the key management personnel of the Company;
- reviews the Company's obligations in the event of termination of the director's and key management personnel's contracts of service, to ensure that such clauses are fair and reasonable and not overly generous; and
- performs such other related functions as the Board may determine.

Number of Meetings

The RC held one meeting during FY 2022.

PROVISION 6.3
PROVISION 6.4

Remuneration Framework

The RC's objective is to motivate and retain proficient executives and ensure that the Company is able to attract competent staff who can contribute to the long-term success of the Company, taking into account the risk policies of the Company.

The RC recommends for the Board's endorsement, a framework of remuneration which covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, benefits-in kind and specific remuneration packages for each director. In addition, the RC reviews the performance of the Group's key management personnel taking into consideration the CEO's assessment of and recommendation for remuneration and bonus.

No member of the RC is involved in deliberating in respect of any remuneration, compensation or any form of benefits to be granted to him. Each member of the RC will also abstain from voting on any resolutions and making any recommendations in respect of his own remuneration.

The RC has access to appropriate expert advice inside and/or outside the Company on human resources and remuneration matters of Directors and key management personnel wherever there is a need to consult externally. For FY 2022, the RC has not consulted any external remuneration consultant.

The RC reviews the Company's obligations arising in the event of termination of the executive directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous with an aim to be fair and avoid rewarding poor performance. The RC is satisfied that the termination clauses therein are fair and reasonable.

LEVEL AND MIX OF REMUNERATION

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

The RC reviews annually and makes recommendation on the remuneration of the Directors and key management personnel to ensure that the level and structure of remuneration commensurate is aligned with the long-term interest and risk policies of the Company and should be appropriate to attract, retain and motivate (a) the Directors to provide good stewardship of the Company and (b) key management personnel to successfully manage the Company.

The RC, with the concurrence of the Board, is of the view that the current remuneration of the Non-Executive Directors is appropriate to the level of contribution, taking into account factors such as effort and time spent, and responsibilities of the Directors. Other than Directors' fees, which have to be approved by shareholders at every AGM, the Non-Executive Directors do not receive any other forms of remuneration from the Company.

PROVISION 7.1

PROVISION 7.2

PROVISION 7.3

Remuneration of Non-Executive Directors and KMPs

Roles	Members (per annum)	Chairman (per annum)
Board of Directors	$5,000 per meeting (subject to a minimum payout of $25,000)	Additional $25,000
Audit and Risk Committee	$1,500 per meeting	Additional $1,500 per meeting
Nominating and Remuneration Committee	$1,500 per meeting	Additional $1,500 per meeting

All the Directors are non-executive.

The directors' fees paid to the Directors are based on the number of meetings attended during the year, subject to a minimum sum of $25,000. The Chairman of the Board will receive an additional allowance that is equivalent to 100% (FY 2021: 120%) of his Director's fee for the Board. The Chairman of each sub-committee will receive an additional allowance that is 100% of his Director's fee for the respective sub-committee. The Directors' fees are recommended by the Board for approval at the Company's Annual General Meeting. Save for the Directors' fees, the Independent Directors do not receive any other forms of remuneration from the Company. The Independent Directors do not have any service agreements with the Company.

The RC is of the view that the remuneration policy and amounts paid to Directors and key management personnel are adequate and in line with present market conditions. The Independent Directors are not compensated to the extent that their independence may be compromised.

The remuneration package of key management personnel consists of four parts:

1. **Base or fixed remuneration**
   This element reflects the scope of the job and the level of skill and experience of the individuals.

2. **Variable for performance related income/bonuses**
   This is paid depending on the contribution of the key management personnel of the Company and its subsidiaries. It usually takes the form of an end of the year ex-gratia payment to deserving employees who have gone the extra mile to grow the revenue, service level and financial performance of the Company and Group.

3. **Benefits**
   These benefits are mainly meals in the hotel and car benefits.

4. **Directors' Fee**
   Some of the key management personnel are Directors of subsidiaries and receive Directors' fees from the subsidiaries.

Incentive payment to the CEO and key management personnel takes the form of an ex-gratia payment at the end of the year and forms a small portion of their total remuneration. This will reward the CEO and key management personal for both short-term profitability and also sustainable long-term growth of the Company and Group.

The Company has noted that the Code has recommended the incorporation of appropriate "claw-back mechanisms" to allow the Company to reclaim the variable incentive-based component of remuneration from Directors and key management personnel. There are, at present, no provisions allowing the Company to reclaim incentive components of remuneration from Directors and key management personnel in exceptional circumstances of misstatement of financial results for the following reasons:

(a) The Directors do not receive any variable incentive-based Directors' fee; and
(b) The form of an ex-gratia payment at the end of the year and forms a small portion of key management personnel's total remuneration.

The remuneration package, especially the year end ex-gratia bonus will be dependent on the individual's performance, Group's profitability, customers' satisfaction and the growth of the net asset value of the Group. This will balance short-term profitability with long-term net asset growth and also that customers' satisfaction is not compromised when we strive to increase our profitability.

The Group does not have any long-term incentive plan or share option. The remuneration package and the year end ex-gratia for CEO and key management personnel do not encourage excessive risk taking. The Group is also mindful that no one single investment item will compromise the long-term sustainability of the Group.

DISCLOSURE ON REMUNERATION

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

PROVISION 8.1

PROVISION 8.2

PROVISION 8.3

The breakdown of remuneration of the Directors of the Company for FY 2022 is as follows:

Annual Remuneration Report
Remuneration of Directors for FY 2022
(in $)

Name of Director	Director's Fee		Total
	Company[(a)]	Subsidiaries	
Yang Wen-Wei	62,000	-	62,000
Dr Tan Kim Song	40,000	-	40,000
Lee Khin Tien	34,000	20,290	54,290
Lee Kin Hong	25,000	15,632	40,632
Dr Lee Chu Muk	25,000	-	25,000
Lee Chou Hor George	25,000	14,974	39,974
Total	**211,000**	**50,896**	**261,896**

[(a)] Directors' fee is subject to shareholders' approval at the Annual General Meeting.

Remuneration of Chief Executive Officer for FY 2022
(in $)

Name of CEO	Fixed Remuneration	Variable Bonus	Benefits*	Subsidiaries' Director Fee	Central Provident Fund	Total Remuneration
Lee Chou Hock	306,990	24,279	13,550	20,290	8,161	373,270

* *Benefits for Mr Lee Chou Hock were for duty meal and car benefits.*

Corporate Governance Report

Remuneration of Key Management Personnel of the Group for FY 2022
(in $)

Name of Key Executive	Fixed Remuneration	Variable Bonus	Benefits*	Subsidiaries' Director Fee	Central Provident Fund	Total Remuneration
Lee Chu Bing	162,995	11,755	9,146	3,658	14,523	202,077
Lee Zongye Zach	124,362	8,487	8,303	–	13,683	154,835
Lee Si Min	97,573	8,252	–	–	13,841	119,666
Sazrul Bin Fadzil	65,473	–	2,939	–	8,157	76,569
Teow Seok Boey#	60,000	–	232	–	4,080	64,312

* *Benefits for Mr. Lee Chu Bing and Mr. Lee Zongye Zach were mainly for duty meal and car benefits. Benefits for Mr. Sazrul Bin Fadzil consists of duty meal and medical benefits, and benefit for Ms Teow Seok Boey was for duty meal.*
\# *Joined the Group on 1 September 2022.*

Mr Lee Chou Hock (CEO) is the nephew of the Non-Executive Directors, Mr Lee Khin Tien and Mr Lee Kin Hong, a brother of Non-Executive Director, Mr Lee Chou Hor George and cousin of Non-Executive Director, Dr Lee Chu Muk.

Mr Lee Chu Bing is the brother of Dr Lee Chu Muk and the cousin of Mr Lee Chou Hock (CEO) and Mr Lee Chou Hor George. He is the nephew of Mr Lee Khin Tien and Mr Lee Kin Hong.

Mr Lee Zongye is the son of Mr Lee Chou Hock and grand-nephew of Mr Lee Khin Tien and Mr Lee Kin Hong and nephew of Mr Lee Chou Hor George and Dr Lee Chu Muk.

Ms Lee Si Min is the daughter of Mr. Lee Kin Hong, niece of Mr Lee Khin Tien, cousin of Mr Lee Chu Muk and Mr Lee Chou Hock.

Remuneration of Employee who is an Immediate Family Member of a Director, the CEO of a substantial shareholder

Mrs Lee Siew Choo, the Group Revenue Controller, is the sister of Mr Lee Khin Tien and Mr Lee Kin Hong.

Her remuneration is as follows:

	Fixed Remuneration	Variable Bonus	Benefits*	Subsidiaries' Director Fee	Central Provident Fund	Total Remuneration
Lee Siew Choo	95,846	7,348	1,210	-	6,599	111,003

** Benefits consist mainly of duty meal in the hotel.*

With the emergence of the COVID-19 pandemic at the beginning of 2021, safeguarding the wellbeing and health of employees across our markets was our key priority.

Directors' Fees

The RC had recommended to the Board an amount of $211,000 as Directors' fees for the financial year ended 31 December 2022. The recommended directors' fees have been endorsed by the Board and will be tabled at the forthcoming AGM for shareholders' approval. No Director is involved in deciding his own remunerations.

III. ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

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

PROVISION 9.1

Nature and Extent of Risks

The Board as a whole is responsible for risk governance. Its duties are to:

(a) ensure that Management maintains a sound system of risk management and internal controls to safeguard the Company's and Group's assets and shareholders' interest;
(b) determine the nature and extent of significant risks and the level of risk tolerance and risk policies which the Board is willing to take to achieve its strategic intent;
(c) provide oversight in the design, implementation and monitoring of the risk management framework and system of internal controls, including actions to mitigate the risks identified where possible;
(d) review annually the adequacy and effectiveness of the risk management and internal control system; and
(e) promote risk awareness culture through the Company for effective risk management.

A summary of the Group's Risk Management is included in Pages 92 to 98 in this Annual Report.

The Board places special emphasis in the identification of major risk factors and Management when expanding into new overseas market, and that the short-term gestation period or non-performance of the new investments will not place the Company and the Group under un-manageable risk. Hence, every new overseas investment is thoroughly and robustly discussed at Board meeting, with special emphasis on the input by the Independent Directors.

The work of the internal auditors and the report of the external auditors have enabled the identification of key risks which are reported to the ARC to facilitate the Board's oversight of the effectiveness of risk management and the adequacy of mitigating measures taken by Management to address the underlying risks.

The ARC assists the Board in providing risk management oversight while the ownership of day-to-day management and monitoring of existing internal control systems are delegated to management which comprises the CEO, the CFO and head of each business division.

The Board reviews the adequacy and effectiveness of the Company's risk management and internal control systems including financial, operational, compliance, and information technology controls based on reports prepared by the internal auditors, and reviewed by the management at least once a year.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board with the concurrence of the ARC is of the opinion that the Company's internal controls, addressing financial, operational, compliance and information technology controls and risk management systems, were adequate and effective as at 31 December 2022.

In assessing the need to establish a separate risk committee to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies, the Board after having discussed with the members of the ARC and the Board members, resolved that the function of the risk committee is best carried out by the ARC and in this connection in line with its enhanced role the Audit Committee has been renamed ARC in FY2013.

PROVISION 9.2

Assurance from the CEO and CFO

For FY 2022, the Board and the ARC have received assurance from the CEO and the CFO that:

(a) they have evaluated the adequacy and effectiveness of the Company's risk management and internal control systems, and have discussed with the Company's external and internal auditors of their reporting points and noted that there have been no significant deficiencies in the design or operation of internal controls which could adversely affect the Group's ability to record, process and report financial data. Accordingly, the Group's risk management systems and internal control systems (including financial, operational, compliance and information technology controls) are adequate and effective; and
(b) the financial records of the Company and the Group have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances and are in accordance with the relevant accounting standards.

In addition, the Company had, pursuant to the amended Rule 720(1) of the Listing Manual of SGX-ST, received undertakings from all the Directors and executive officers that they each shall, in the exercise of their powers and duties as Directors and officers, comply to the best of their abilities with the provisions of the SGX-ST's Listing Rules, the Securities and Future Act, the Code on Takeover and Mergers, and the Companies Act and will also procure the Company to do so.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharge its duties objectively.

Provision 10.1

Provision 10.2

AC Composition and Role

The Audit and Risk Committee was tasked by the Board to assist the Board in carrying out its responsibility of overseeing the Company's risk management framework and policies. To reflect its enhanced role, the AC was renamed the ARC in FY2013.

ARC Composition: Members of the ARC comprise three non-executive Directors; namely Dr Tan Kim Song (Chairman), Mr Yang Wen-Wei and Mr Lee Khin Tien. 67% of the members of the ARC, including its Chairman, are independent.

Two members of the ARC, including the Chairman, have recent and relevant accounting and/or related financial management expertise.

Number of Meetings

The ARC held four meetings during FY 2022.

Key Terms of Reference and Activities

During FY 2022, the ARC has performed its duties as guided by its key terms of reference which stipulate its principal functions.

The key terms of reference of the ARC are to:

- review with the external/internal auditors the audit plans, their evaluation of the system of internal accounting controls, and their audit report including the scope and results of the external audit, the independence and objectivity of the external auditors;
- review the financial statements of the Group and Company, including reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and Company and any announcements relating to the Group and Company's financial performance, before submission to the Board for approval;
- review the assurance from the CEO and the CFO on the financial records and financial statements;
- review the assurance from the CEO and the CFO on the adequacy and effectiveness of the Company's risk management and internal control system;
- review the internal control procedures, its scope and the results and to ensure co-ordination between the external/internal auditors and the Management; and review the assistance given by Management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits;
- review and report to the Board at least annually the adequacy and effectiveness of the Company's risk management and system of internal controls;
- review the effectiveness of the Company's internal audit function;
- review the policy and arrangements by which employees of the Group and any other persons may, in confidence, report to the Chairman of the ARC, concerns about possible improprieties in financial reporting or other matters and ensuring that there are arrangements in place for such concerns to be safely raised and independently investigated, and for appropriately follow-up action to be taken;
- review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results and/or financial position, and the Management's response;
- meet with external auditors and internal auditors, without the presence of management, to discuss any concerns or issue, at least once annually;
- make recommendation to the Board on the proposals to the shareholders on the appointment, re-appointment and removal of the external auditors;
- review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;
- review potential conflicts of interest, if any;
- undertake such other review and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and which requires the attention of the ARC; and
- undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, or by such amendments as may be made from time to time.

Access to Information

The ARC has full access and co-operation of Management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any Director and key management personnel of the Group to attend its meetings. The external and internal auditors have unrestricted access to the ARC.

Whistle-blowing Policy

As a further enhancement to internal risk control processes, ARC has an established whistle-blowing policy. Allegations on serious matters relating to financial reporting, illegal or unethical conduct can be reported directly to Mr Yang Wen-Wei, the Chairman of the Board and RC, for appropriate actions. The whistle-blowing policy which has been endorsed by the Board has been communicated to all employees in the Group.

Under the whistle-blowing policy, employees of the Group can in good faith and confidence, raise concerns about improper conduct for independent investigation, and that the employees making such reports will be treated fairly and, to the extent possible, protected from reprisal. Anonymous complaints will also be accepted and investigated. While the Whistle-blowing Policy is meant to protect genuine whistle-blowers from any unfair treatment as a result of their report, it strictly prohibits frivolous and bogus complaints. The policy is also not a route for taking up personal grievances.

A mechanism for the submission of issues/concerns has been established. The Whistle-blowing Policy requires that the identity of the whistle-blower is kept confidential at all times. Where the whistle-blower has disclosed his/her identity, such disclosure and/or the issues submitted by the whistle-blower will be kept confidential and within the knowledge of the ARC only (as the case maybe). In addition, there may be exceptional circumstances where the identity of the whistle-blower(s) or the issues raised could/ would not be kept confidential and will need to be disclosed. In such circumstances, the ARC will endeavour to discuss the need for such disclosures with the whistle-blower(s) first, if it is appropriate to do so.

The whistle-blowing policy is reviewed by the ARC periodically to assess the effectiveness of the processes in place and to ensure that the said policy is updated to take into account any related changes in legal and regulatory requirements. The ARC concluded that there is no significant matter raised through the whistle-blowing channel during FY 2022.

PROVISION 10.3

Cooling off Period for Partners or Directors of the Company's Auditing Firm

No former partner or director of the Company's existing auditing firm or audit corporation is a member of the ARC.

PROVISION 10.4

Financial Reporting Matters

Financial Reporting and Key Audit Matter

One of the key roles of the ARC is to review the financial statements, including the review of significant judgements and accounting estimates so as to ensure the integrity of the financial statements of the Company.

Following discussion with the external auditors, the ARC and the external auditors have determined that the valuation of the Group's freehold land on which the hotels are sited, and the impairment of property, plant and equipment and investment properties are key audit matters for FY 2022.

Corporate Governance Report

Key Audit Matter	ARC's Comment on Key Audit Matter
Valuation of properties – Freehold land The Group has freehold land on which hotels are sited and these are stated at their fair values based on independent external valuations. The Group's freehold land amounting to $492.75 million, account for approximately 60% of total assets at 31 December 2022. The valuation for freehold land involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. Certain freehold land are valued using the direct comparison approach and the key estimation inputs are values per square meter referenced to comparable properties, taking into consideration differences such as location, size, tenure and accessibility. Other freehold land are valued using the residual approach, where the residual value of the land is estimated after deducting depreciated replacement cost of the hotel from the value of the whole property - land and hotel. The income capitalisation approach and direct comparison approach are used by the valuer to estimate the value of each whole property and the key estimation inputs include occupancy rates, revenue per room, the capitalisation rate and contract rate per room referenced to comparable properties, taking into consideration for differences such as location, size and tenure. A change to any of the key inputs may have a significant impact on the valuation of each of the properties. **Impairment of assets – Property, plant and equipment and investment properties** The Group's property, plant and equipment (excluding freehold land) ("**PPE**") and investment properties ("**IPs**") account for approximately 18% and 12% of total assets respectively as at 31 December 2022. These assets (excluding freehold land in PPE) are stated at cost less accumulated depreciation and impairment loss. The PPE comprised mainly leasehold land, hotel building and building improvements ("leasehold land and hotel buildings"). In assessing the recoverable amount and the extent of any impairment loss or reversal of impairment loss of the leasehold land and hotel buildings, and IPs, management has relied on the valuations performed by independent external valuers to estimate the recoverable amounts, and this involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. Underlying the valuations for hotel buildings and an IP, are key estimation inputs such as occupancy rates, revenue per room, estimated rental rates and the capitalisation rate. Leasehold land and other IPs are valued using the direct comparison approach and the key estimation inputs are values per square meter referenced to comparable properties, taking into consideration for differences such as location, size, tenure and accessibility.	For FY 2022, the Group recognised in other comprehensive income (page 110 of this Annual Report) net valuation gain of $34.29 million for freehold land on which the hotels are sited. The freehold land amounting to $492.75 million accounted for 60% of total assets at 31 December 2022. The Group recognised a net reversal of impairment loss of $0.76 million in the profit or loss for the financial year 2022. The net reversal of impairment loss consists of a reversal of impairment loss of $2.76 million from the property, plant and equipment and an impairment loss amounting to $2.00 million from the investment properties. The valuations for freehold land, property, plant and equipment and investment properties involve significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied. A change in the assumptions can have a significant impact to the valuation. The Group engaged reputable valuers with the necessary qualifications, competence and independence. In order to satisfy ourselves that the valuations of freehold land, property, plant and equipment and investment properties are not materially misstated, the ARC reviewed the qualifications and competence of the valuers, and the various valuation methods, assumptions and inputs used with Management. The ARC also obtained an understanding on the work performed by the external auditors, including their assessment of the appropriateness of the various valuation methodologies and relevance of the assumptions and inputs. Following these discussions, ARC noted that the engagement of the external independent and experienced valuers; the valuation methods, assumptions and inputs used; explanations given by Management; and the work performed by the auditors provide a reasonable basis for concluding on the valuation of the freehold land and the impairment of the property, plant and equipment and investment properties as at 31 December 2022. The ARC considered the comments of the Independent Auditors' Report and the disclosures in Notes 13 and 14 to the financial statements. These are consistent with the results of the above discussions.

The external and internal auditors conducted annual review to assess the risk profile including the review on the adequacy of the internal controls, addressing financial, operational, compliance risks and information technology. Such review also assessed whether there was reasonable assurance regarding the effectiveness and efficiency of operations, reliability of Management and financial reporting, and compliance with internal policies. Any material non-compliance or lapses in internal controls together with corrective measures are reported to the ARC. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The role of the Internal Auditors is to support the ARC in ensuring that the Group maintains a sound system of risk management and internal controls by monitoring and assessing the adequacy and effectiveness of key controls and procedures, conducting in-depth audits of high risk areas and undertaking investigations as directed by the ARC.

The hiring, removal, evaluation and compensation of the Internal Auditors or corporation to which the internal audit function is outsourced need the ARC's approval. The Internal Auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the ARC.

The Company's internal audit function has been outsourced to a professional firm, Philip Liew & Co. who is independent of the Company's business activities. The Internal Auditors, staffed with persons of relevant qualifications and experience, carry out the internal audit taking guidance from the International Standards for the Professional Practice of Internal auditing set by The Institute of Internal Auditors, and report directly to the ARC on internal audit matters. The ARC has reviewed and is satisfied with the independence, adequacy and effectiveness of the Company's internal audit function. The ARC is also satisfied that the internal auditor is adequately resourced and has the appropriate standing within the Group.

The Internal Auditors report directly to the ARC.

On an annual basis, the ARC meets regularly with the Management and external and internal auditors to review auditing and risk management matters and discuss accounting implications of any major transactions including significant financial reporting issues. It also reviews the internal audit functions to ensure that an effective system of internal controls is maintained in the Group. On a half yearly basis, the ARC also reviews the interested person transactions and the financial result announcements before their submission to the Board for approval. The ARC is kept abreast by the Management, the external auditors and the Company secretary of changes to accounting standards, listing rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

In addition, at least once a year, the ARC, together with the Board, reviews the effectiveness and adequacy of the Group's system of internal controls put in place to address key financial, operational, compliance and information technology controls and risk management system affecting the operations.

Based on the Group's framework of internal controls put in place, the internal control policies and procedures established and maintained by the Group, as well as the reviews performed by the external and internal auditors, the Board with the concurrence of the ARC is of the view that the internal control systems of the Group, addressing the financial, operational, compliance, information technology controls and risk management systems are adequate and effective as at 31 December 2022.

The Board acknowledges that it is responsible for the overall internal control and risk management framework. However, it recognises that the system of internal control and risk management established by Management provides reasonable but not absolute assurance against human errors, frauds, poor judgement in decision making, and other irregularities.

The ARC has met with the internal auditors and external auditors separately and in each case, at least once a year and during FY 2022, without the presence of the Management to review any matter that might be raised. Both the external and internal auditors report directly to the ARC their findings and recommendations.

The ARC is satisfied that the appointment of external auditors is in compliance with the requirements of Rule 712 and 715 of the SGX-ST Listing Manual. Together with the audit engagement partner and his team assigned to the audit of the Group, the ARC was satisfied that the resources and experience of Messrs. Deloitte & Touche LLP, the audit engagement partner and his term assigned to the audit, were adequate to meet their audit obligations, given the size, nature, operations and complexity of the Group.

The ARC has discussed on the performance of the external auditors taking into consideration the Audit Quality Indicators Disclosure Framework recommended by the Accounting and Corporate Regulatory Authority ("ACRA") as reference. It has also reviewed all non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not affect the independent and objectivity of the external auditors, before confirming their re-nomination. The external auditors have also provided a confirmation of their independence to the ARC.

Corporate Governance Report

Accordingly, the ARC, with the concurrence of the Board, had recommended the appointment of Messrs. Deloitte & Touche LLP as external auditors of the Company at the forthcoming annual general meeting based on their performance and the quality of their audit. Rule 716 of the Listing Manual of the SGX-ST is not applicable as the same auditing firm is appointed for the Company and its subsidiaries.

For FY 2022, the Group incurred an aggregate of $454,000 to the external auditors, of which was $369,000 was for audit services and $85,000 was for non-audit services.

Provision 10.5

Meeting Auditors without the Management

The ARC has met with the internal auditors and external auditors separately and in each case, at least once a year and during FY 2022, without the presence of the Management to review any matter that might be raised. Both the external and internal auditors report directly to the ARC their findings and recommendations.

IV. SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

PROVISION 11.1

Conduct of General Meetings

Shareholders are encouraged to be present at the annual general meeting in person so that face-to-face communication can best be achieved. The annual general meeting is the principal forum for dialogue with shareholders. Thus, with greater shareholders participation, it will ensure that they will be kept up to date as to the Group's long-term strategies and goals.

Shareholders are informed of general meetings through notices contained in annual reports or circulars that are sent to shareholders. The notice of general meetings are also published in the Business Times and announced via SGXNet within the mandatory period. Rules, including voting procedures, that governed general meetings are included in the annual reports or circulars and explained further before the voting process.

Last AGM on 30 April 2022

In light of the COVID-19 situation, the last AGM of the Company was held via electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM 2022 via electronic means (including arrangements by which the meeting can be electronically accessed via live audio or live audio-visual means), submission of questions in advance of the AGM, addressing the questions and voting by appointing the Chairman of the AGM as proxy at the AGM, were put in place for the AGM. The Company posts such questions from shareholders and responses by the Company on the SGXNet and the Company's website.

Forthcoming AGM on 28 April 2023

The forthcoming AGM will be held, in a wholly physical format, at Hotel Royal @ Newton, Level 3, Royal Room 1, 36 Newton Road, Singapore 307964 on Friday, 28 April 2023. There will be no option for shareholders to participate virtually.

PROVISION 11.2

Separate Resolutions

Company put all resolutions tabled to vote by poll. All resolutions at the Company's general meeting will be by poll so as to better reflect shareholders' shareholding interest and promote greater transparency. The detailed results showing the number of votes cast for and against each resolution and the respective percentages will be announced immediately at the meeting and also disclosed via SGXNet on the same day. If shareholders are unable to attend the annual general meetings, the Company's Constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. The Company has amended its Constitution to allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

All resolutions tabled at general meetings are on each substantially separate issue and all resolutions at general meetings requiring shareholders' are proposed as separate resolutions. Detailed information on each item in the general meeting's agenda is provided in the explanatory notes to the notice of the general meeting.

PROVISION 11.3

Interaction with Shareholders

All the Directors (including the various Chairmen of the Board Committees) and senior Management are also present at the meeting to address queries and concerns from the shareholders. The external auditors are also present to address shareholders' queries about the conduct of the audit and the preparation and content of the auditors' reports.

All Directors and the external auditors were present at the last AGM held on 30 April 2022.

PROVISION 11.4

Shareholders' Participation

If shareholders are unable to attend the annual general meetings, the Company's Constitution allows a shareholder of the Company to appoint up to two proxies to attend and vote in place of the shareholder. The Company has amended its Constitution to allow corporations which provide nominee or custodial services to appoint more than two proxies so that shareholders who hold shares through such corporations can attend and participate in general meetings as proxies.

Voting in absentia in general meetings of shareholders, via email, electronic mail or facsimile, may also be possible following careful study to ensure that the integrity of the information and authentication of the of the shareholders' identity is not compromised.

PROVISION 11.5

Minutes of General Meetings

The Company prepares minutes of general meetings that include substantial and relevant comments and queries from shareholders relating the meeting's agenda, and response from the Board and Management. These minutes are available to the shareholders via SGXNet and on the Company's website.

PROVISION 11.6

Dividend Policy

The Company recognises shareholders' desire to receive return on their investment and always endeavours to maximise their return.

The Company intends to declare an annual dividend amounting to at least one-third of its net profit before fair value adjustments, exceptional and extraordinary items and after income tax. In considering the declaration of dividends, the Company will take into consideration the Group's profit growth, cash position, positive cash flow generated from operations, projected capital requirements for business growth and other factors as the Board may deem appropriate.

A first and final dividend of 2.5 cents per ordinary share one-tier tax exempt for FY 2022 have been proposed for shareholders' approval at the forthcoming AGM on 28 April 2023.

ENGAGEMENT WITH SHAREHOLDERS

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

PROVISION 12.1
PROVISION 12.2
PROVISION 12.3

Disclosure of information on a timely basis

In line with the continuous disclosure obligations of the Company pursuant to the Singapore Exchange Listing Rules and the Singapore Companies Act, it is the Board's policy to ensure that all shareholders are informed regularly, comprehensively and on a timely basis of every significant development that impact on the Group. The Company does not practise preferential and selective disclosure to any group of shareholders.

Pertinent information is communicated to all shareholders on a regular and timely basis through the following means:

- the Company's annual reports;
- notices of and explanatory memoranda for annual general meetings and extraordinary general meetings;
- announcements of half yearly and full-year financial statements containing a summary of the financial information and affairs of the Group for the period. These are disclosed on SGXNet;
- other announcements, where appropriate;
- press releases regarding major developments of the Group; and
- disclosures to the Singapore Exchange Securities Trading Limited.

The Company notifies the investors' public in advance of the date of the release of its financial results via a SGXNet announcement.

Shareholders can contact the Company via a dedicated email, ir@hotelroyal.com.sg, that is featured in the inside cover page of the Company's annual report. The Company responses to all queries.

Corporate Governance Report

V. MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

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

PROVISION 13.1

PROVISION 13.2

Stakeholders' Engagement

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include hotel guests, employees, contractors, suppliers, government, regulators, community, shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders. For more information on the Company's stakeholder engagement, please refer to the Company's Sustainability Report set out on pages 36 to 58 of this Annual Report.

PROVISION 13.3

Corporate Website

The Company adopts transparent, accountable and effective communication practices and to ensure fair dissemination to shareholders, all materials on the half yearly and full year financial results, annual report, announcements and minutes of general meetings are available on the Company's website (www.hotelroyal.com.sg). The website also contains other useful investor-related information.

For ease of communication, shareholders can contact Management via ir@hotelroyal.com.sg. This will allow the Board and Management to gather shareholders' views and inputs, and address shareholders' concern. The contact details of the investor relations function are also set out in the inside cover page of this Annual Report as well as on the Company's website. The Company have procedures in place for responding to investors' queries.

VI. OTHER CORPORATE GOVERNANCE MATTERS

DEALING IN SECURITIES

- **Listing Manual Rule 1207(19)**

The Group has adopted an internal code on dealings with securities which, amongst others, prohibits the directors and key management personnel of the Group from dealing in the Company's share during the period of one month immediately preceding the announcement of the Company's half-year and full-year results respectively or if they are in possession of unpublished price-sensitive information of the Group. In addition, Directors and key executives are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period. They are also not allowed from dealing in the Company's shares on short-term considerations. Directors are required to notify the Company their securities dealings within two (2) business days of such dealings and the Company shall disseminate the notifications received to the market via SGXNet within one (1) business day of receiving such notifications.

In view of the processes in place, in the opinion of the Board, the Company has complied with Rule 1207(19) of the Listing Manual of SGX-ST on dealing in securities.

MATERIAL CONTRACTS

- **Listing Manual Rule 1207(8)**

There were no material contracts entered into by the Company or any of its subsidiaries involving the interests of the CEO, any Director or controlling shareholder during the year under review or have been entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

- **Listing Manual Rule 907**

The Company has established procedures to ensure that all transactions with interested persons are properly documented and reported in a timely manner to the ARC and that transactions are conducted on an arm's length basis and are not prejudicial to the interests of the Company and its non-controlling shareholders.

The Board will ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual and accounting standards are complied with.

There were no material contracts entered into by the Company and Group involving the interests of any Director or controlling shareholder, either still subsisting at the end of FY 2022 or if not then subsisting, entered into since the end of the previous financial year.

The Company's disclosure in related party transactions for FY 2022 as set out on pages 143 to 144 of this Annual Report. There were no interested person transactions in excess of $100,000 per transaction entered into by the Company and Group for the year under review or have been entered into since the end of the previous financial year.

When a potential conflict arises, the concerned parties do not participate in its deliberation so as to refrain from exercising any influence over other members of the Board.

CODE OF CONDUCT AND ETHICS FOR EMPLOYEES

The Group has a Code of Conduct and Ethics for Employees that sets the standards and ethical conducts expected of all employees. This code covers workplace conduct, protection of the Group's assets, information confidentiality, conflict of interests, business conduct, gratuities or bribes and dishonest behaviour.

All employees are expected to maintain a high standard of personal integrity and compliance to Company policies and with the laws and regulations of the countries in which it operates.

USE OF RIGHTS ISSUE PROCEEDS

As at the date of this report, the status of the utilisation of the proceeds raised from the Company's Renounceable Non-Underwritten Rights Issue are as follows:

	$'million
Total rights issue proceeds	**40.2**
Less Utilisation:	
4Q 2022 – repayment of outstanding loans	(10.0)
Balance unutilised as at 31 December 2022	**30.2**

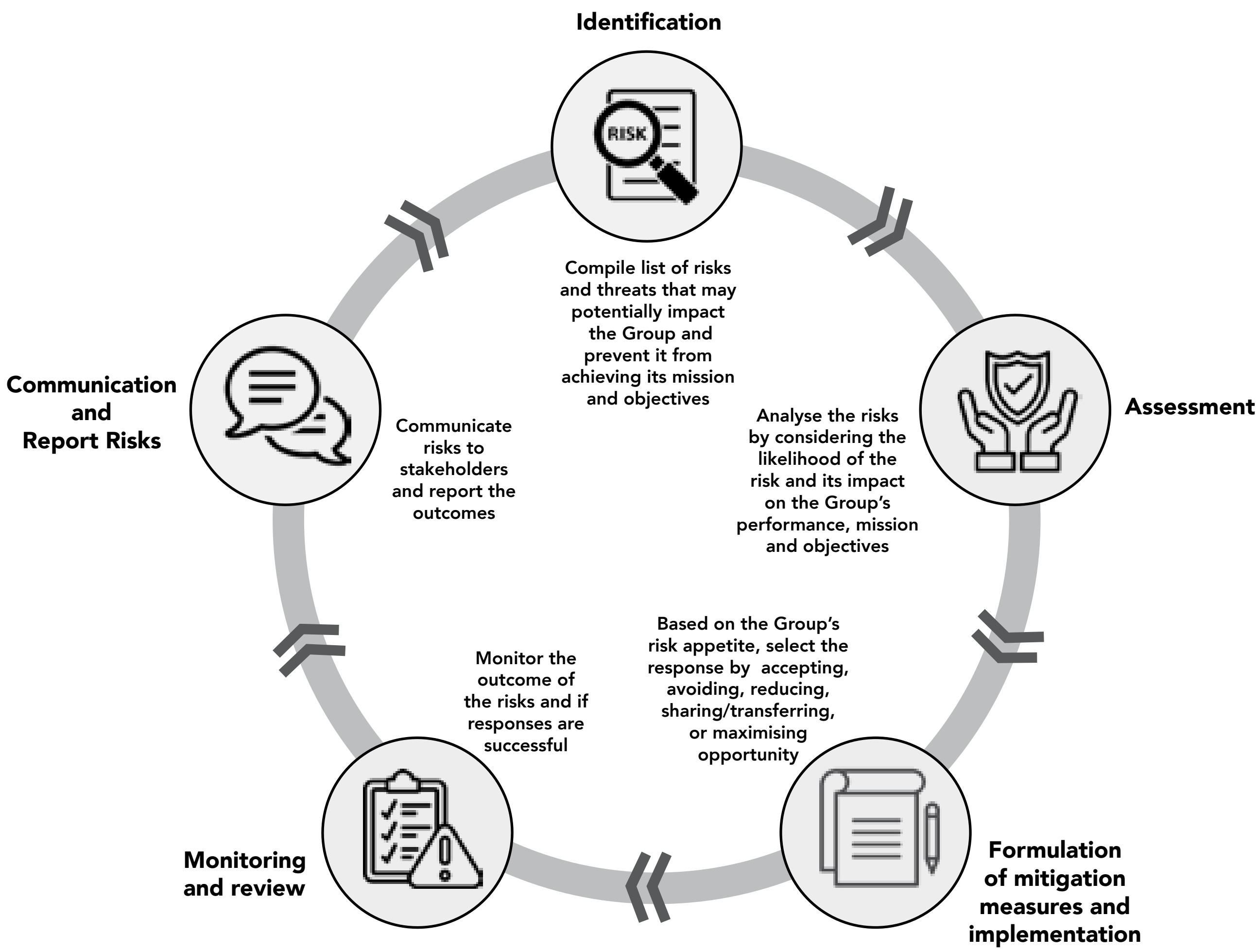
Risk Management

Risk management constitutes an integral part of Hotel Royal's business operations. The Group's risk and control framework seeks to provide reasonable assurance that our business objectives are achieved. We do this by ensuring that the management controls in our daily operations achieve efficiency, effectiveness, and safeguard our assets. We also ensure that we comply with legal and regulatory requirements, while upholding the integrity of the Group's financial reporting and related disclosures. Management is responsible for identifying critical risks to our businesses, and for developing and implementing appropriate measures to address such risks. Our risk management and control procedures are reviewed and updated regularly to reflect changes in market conditions and the activities of the Group.

The Group recognises that not all risks can be eliminated, and adopts a balanced approach to risk management, such as:

(a) Identification
(b) Assessment
(c) Formulation of mitigation measures and implementation
(d) Monitoring and review
(e) Communication and report risks

The following describes the Group's major risk factors and how these are mitigated. In the year under review, we were satisfied that there were no risks that could affect the ability of the Group to continue as a going concern in the next twelve months.



BUSINESS AND STRATEGY RISKS

Business and strategy risks refer to factors affecting businesses such as customer demand, sales performance, macroeconomic conditions, competition, and regulatory environment. They are usually managed by the respective hotels and subsidiaries within the Group in their pursuit of growth and earnings targets.

DESCRIPTION OF RISK WE FACE	WHAT WE DO TO MITIGATE THE RISKS
Strategy and investment risk • The Group is exposed to risks in its overseas expansion plan. • The investment time frame and the budgets for such expansion plans may be exceeded and that the set parameters may not be achieved.	• All new investment proposals are evaluated thoroughly and, where necessary, are supported by the advice of external professionals to ensure that they are in line with the Group's strategic focus and that they meet the relevant rate of financial returns. Other non-financial risk factors are also considered. • All new investment proposals are reviewed by the senior management and discussed in detail at the Board meetings. • They are monitored to ensure that they are able to meet the Group's strategic intent, investment objectives and returns.
Market and political risk • The Group currently operates in Singapore, Malaysia, Thailand and New Zealand. The subsidiaries in these countries are exposed to changes in government policies and regulations. Some of these changes may affect the realisation of business opportunities and investments in those countries. • Global economic uncertainties, such as trade wars and recession, will affect the Singapore economy and hence the Group's performance.	• The Group monitors the market and political landscape in these countries, so that the Group is better able to anticipate and/or respond to any adverse changes in a timely manner. • Impact brought about by the Russia-Ukraine conflict, which resulted in the escalation of energy prices globally, was contained via fuel hedging. While the consequences of such armed conflicts and other security events, including terrorist attacks, are difficult to predict, the Group continues to monitor developments around the world to anticipate and take necessary preventive measures to minimize any adverse impact, where possible. • As at 31 December 2022, approximately 39% of the Group's assets are located overseas, accounting for about 45% of the total revenue in FY 2022. It has greater geographical diversification which reduces its risk of single market concentration.
Regulatory risk • The Group is subject to changes in prevailing laws and regulations (such as in corporate, competition and environment laws) in the countries where it operates.	• The Group works closely with local authorities and business partners so as to keep abreast with any changes and/or material regulatory developments. • Foreign subsidiaries will inform the Group's head office of any material regulatory development in a timely manner.

Risk Management

DESCRIPTION OF RISKS	WHAT WE DO TO MITIGATE THE RISKS
Competition risk • The hospitality business in Singapore, Malaysia and Thailand is highly competitive. Any increase in new room inventory in these markets can lead to downward pressure on room rates, particularly on older or existing properties.	• The Group strives to maintain competitiveness through product differentiation and leveraging on its brand name to protect and gain market share. • The Group invests in long-term relationships with its strategic partners to improve its service and product quality and secure customer loyalty.
Reputation risk • The Group may face negative publicity or diminution in public confidence if there is any mishandling of transaction or event.	• The Group believes in giving a fair deal to its stakeholders and has put in place an open program to achieve effective and timely communication with its key stakeholders. • Its corporate vison, mission statement and core values are communicated to all employees within the Group.
Business continuity risk • Unforeseen circumstances (including internal and external threats) such as fire, flood, and terrorism attacks, can disrupt the continuation of its business operations.	• The Group reviews its crisis management and communications procedures regularly, so as to ensure that it can continue to maintain its business operations and expedite recovery.
Spread of contagious diseases • The outbreak of contagious diseases, such as SARS and COVID-19 will have adverse effects on tourist arrivals.	• Since the onset of the pandemic, the Group has prioritised the safety of its employees and implemented workforce separation aligned with social distancing and business continuity measures. We continue to adapt our safety and health protocols in response to the evolving situation and government regulations. • The Group diversifies its business sources so that if one source is affected, the other sources can help to make up for the shortfall. • The Group has sufficient financial resources to tide through economic downturns caused by such outbreaks.

OPERATIONAL RISKS

Operational risks refer to persons, processes, products, information technology and practices in the business activities which may not operate as designed or planned.

DESCRIPTION OF RISKS	WHAT WE DO TO MITIGATE THE RISKS
Operational processes risk • Possible breakdown in internal process, deficiencies in people and management, or operational failure arising from external events can result in potential loss to the Group.	• Minimise unexpected losses and manage expected losses through a series of quality and people management programs, as well as through business continuity planning. • Operating manuals, standard operating procedures and the delegation of authority matrix are in place. • On-going efforts to streamline business processes and adopt ISO standards and certifications to achieve standardisation of processes and best practices. • Conduct regular reviews of policies and authority limits to ensure its relevance in meeting a changing business environment.
People risk • The Group depends on quality service provided by good personnel and service providers to achieve profitability and growth. • The execution of succession planning is a challenge, given the size of the Group.	• The Group provides a cohesive environment where employees are developed to their fullest potential and enjoy work-life balanced career paths. This ensures that our human capital is continually nurtured and retained. • The Group continues to invest in upskilling our existing workforce. Regular skills assessments are also conducted to set out structured developmental roadmaps to fill new and emerging skill gaps. • Staff who perform well are attractively rewarded and groomed for higher roles.
Climate change and environmental risk • Climate change and environmental risk is a growing concern. Rising sea level is a potential threat to our hotels that are situated in low lying areas. • Regulatory risks associated with climate change which can be in the form of stricter greenhouse gas emission standards, carbon taxes, or changes in energy prices. • Growing expectations from stakeholders who want to ensure the Group's services are transitioning to low emissions.	• The Group has engaged external consultants to improve on our energy efficiency. At the same time, we are also working with our stakeholders to disclose our climate-related risks in accordance to the recommendations of the Task Force on Climate-Related Financial Disclosures. • The Group adopts environmentally-friendly practices and benchmarks against the best practices. • Close monitoring of rising sea levels and their effect on our properties.

Risk Management

FINANCIAL RISKS

Financial risks arise from volatility in the underlying financial market and include factors such as fluctuations in interest rates, foreign exchange and equity prices.

DESCRIPTION OF RISKS	WHAT WE DO TO MITIGATE THE RISKS
Credit risk • The Group's credit risk is primarily attributable to its cash and bank balances, trade and other receivables. Cash and fixed deposits (Note 6) are in the custody of creditworthy financial institutions. Trade receivables are largely from credit card companies, tour agencies, regular corporate clients, hotels and tenants at the Group's properties. The Group may suffer potential financial loss resulting from the failure of customers or counterparties to settle their financial and contractual obligations as and when they fall due.	• Standard procedures are in place which include the application of credit approvals, performing credit evaluations, setting credit limits and regular monitoring of credit risks. Cash terms or advance payments are required for customers with lower credit standing. • There is no significant concentration of credit risk to a single customer. It is the Group's policy to sell to a diversity of creditworthy customers to reduce concentration of credit risk. • While the Group faces the normal business risks associated with ageing collections, it has adopted a prudent accounting policy of making provisions once trade receivables are deemed not collectible. Major collectible issues are highlighted to all concerned.
Interest rate risk • The Group is exposed to interest rate risks through the impact of rate changes on interest-bearing liabilities and assets.	• The Group actively monitors interest rate fluctuations and trends. • The Group borrows in local currencies and practices natural hedging as it receives its revenue in local currencies.
Foreign exchange risk • The Group has investments in funds under management of certain banks and cash deposits which are exposed to foreign exchange risk arising from the exchange rate movements of foreign currencies. • Exchange gain or loss may also arise when the assets and liabilities in foreign currencies are translated into Singapore dollars for financial reporting purposes. For FY 2022, approximately 16% (2021: 12%) of the Group's net assets was denominated in Malaysian ringgit, and approximately 9% (2021: 10%) and 10% (2021: 9%) were denominated in New Zealand dollars and Thai baht respectively.	• Continuous monitoring of the exchange rates of major currencies. • Currency translation risk, which is inherent for operations outside Singapore, is non-cash in nature and therefore not hedged.
Price Risk • The Group is exposed to price risks arising from its investments classified as fair value through profit or loss and fair value through other comprehensive income. These investments include equity shares and instruments, whose fair values are subject to volatility in equity and bond prices.	• Diversify the investment portfolio to manage risks.

DESCRIPTION OF RISKS	WHAT WE DO TO MITIGATE THE RISKS
Liquidity risk • Liquidity risk reflects the risk that the Group will have insufficient resources to meet its financial liabilities as they fall due.	• Monitor working capital requirements and maintain a level of cash and cash equivalents deemed adequate to mitigate the effects of fluctuations in cash flows, as well as to ensure that the Group has sufficient funds to meet its contractual and financial obligations as and when they fall due. • Management assesses the availability of credit facilities and compliance with loan covenants on an on-going basis and no matters have been drawn to its attention that the roll-over of the short-term financing may not be forthcoming or that covenants have been breached. The Group and the Company have unutilised credit facilities totalling $160.5 million (2021: $160.7 million) and $102.2 million (2021: $101.3 million) respectively. From time to time, management evaluates the tenure of credit facilities including the need for longer term credit facilities. • Enhance ability to generate cash from operating activities to improve the Group's cash position and reduce liquidity risk.
Capital structure risk • Inefficient capital structure could impact the Group's ability to provide appropriate returns to the shareholders.	• The Group manages its capital to ensure that entities in the Group will be able to continue as ongoing concerns, while optimizing return to shareholders through a mix of equity, short-term, and long-term debts. The capital structure of the Group consists of equity comprising share capital disclosed in Note 21; reserves disclosed in Notes 22 to 24 and retained earnings, and debts which comprise bank borrowings and leases disclosed in Notes 15, 19 and 33. Regular reviews are performed to ensure that the capital structure is optimal. Taken into consideration are future capital requirements and capital efficiency, prevailing operating cash flow and profitability, as well as projected capital expenditure. • In order to maintain or achieve an optimal capital structure, the Group may issue new shares, obtain new bank borrowings, sell assets to reduce external borrowings, pay or adjust the amount of dividend payout, or return capital to shareholders.
Financial management risk • Rely on self-assessment, review, and reporting processes to ensure that transactions are carried out in conformity with accounting standards and the Group's accounting policies, and that the internal controls are adequate and effective. • The system may not prevent or detect all frauds or misstatements in a timely manner, especially with changes in conditions and operations which may cause the effectiveness of the system to vary from time to time.	• Formalised operating manuals and standard operating procedures. • Internal controls on financial reporting are reviewed regularly to ensure proper financial discipline and compliance with established Group policies and guidelines. • External and internal audit reviews carried out annually on the controls and procedures in place also serve as platforms to highlight any irregularities.

Risk Management

DESCRIPTION OF RISKS	WHAT WE DO TO MITIGATE THE RISKS
Derivative financial instrument risk • Market conditions may move against the Group's assumptions at the time of hedging the transactions.	• The Group does not hold or issue derivative financial instruments for trading purposes.

COMPLIANCE RISKS

Compliance risks are the current and prospective risks arising from violation of, or non-conformance with laws, rules, regulations or ethical standards.

DESCRIPTION OF RISKS	WHAT WE DO TO MITIGATE THE RISKS
Compliance risk • Rapid changes in laws, regulations and practices are making compliance more complicated. This is especially so as the Group also operates overseas. • Deliberate wrongful acts, such as fraud, can result in financial loss.	• Risk management, internal controls and corporate governance frameworks are in place and reviewed on an annual basis. • Whistle-blowing policy has been in practice for some time. • External auditors are engaged for statutory audits and internal auditors are engaged to conduct financial and operations reviews. Both external and internal auditors report directly to the Audit Committee.

INFORMATION TECHNOLOGY RISKS

Information technology (IT) risks include hardware and software failure, human error, spam, viruses and malicious attacks, as well as natural disasters such as fire, storms or floods.

DESCRIPTION OF RISKS	WHAT WE DO TO MITIGATE THE RISKS
Cyber security risk • The Group's operations are exposed to a full range of risks, presented in various forms that are associated with its IT system. This includes disruptions to the network. • Increasing global incidence of cyberattacks on company servers and websites demonstrates the need to reinforce and tighten the security of the Group's IT systems and avoid breaches. • Cyberattacks can disrupt operations. The theft of sensitive and confidential information can lead to litigations and financial losses.	• Adopt necessary and current IT controls and governance practices, including the strengthening of network security, such as regularly updating security patches to the system. • Put in place appropriate measures to safeguard the loss of information, data security, and ensure the continuity of the Group's business activities and its prompt recovery from an IT crisis. • Conduct regular training for users to heighten awareness of IT threats.

Financial Statements

Directors' Statement

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 31 December 2022.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 107 to 171 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 31 December 2022, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

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

Yang Wen-Wei
Dr Tan Kim Song
Lee Khin Tien
Lee Kin Hong
Dr Lee Chu Muk
Lee Chou Hor George

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 any time 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.

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 and debentures 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 directors and company in which interests are held	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
The Company	**Ordinary shares**		**Ordinary shares**	
Lee Khin Tien	282,240	338,688	-	-
Lee Kin Hong	92,736	111,283	403,200	483,840
Lee Chou Hor George	42,000	42,000	12,993,680	12,993,680

The directors' interests as disclosed above remained unchanged at 21 January 2023.

4 SHARE OPTIONS

(a) Options to take up unissued shares

During the financial year, no option to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the financial year, 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.

4 SHARE OPTIONS (cont'd)

(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.

5 AUDIT AND RISK COMMITTEE

Members of the Audit and Risk Committee comprise three directors, namely Dr Tan Kim Song (Chairman of the Audit and Risk Committee), Mr Yang Wen-Wei, and Mr Lee Khin Tien.

The Audit and Risk Committee ("ARC") held four meetings during the financial year ended 31 December 2022 and performed the following functions:

(a) Review with external/internal auditors the audit plans, their evaluation of the system of internal accounting controls, and their audit report including the scope and results of the external audit, the independence and objectivity of the external auditors;

(b) Review the financial statements of the Group and the Company, including reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Group and Company and any announcements relating to the Group and Company's financial performance, before submission to the Board of Directors for approval;

(c) Review the Group's financial and operating results and accounting policies;

(d) Review the internal control procedures, its scope and the results and to ensure co-ordination between the external/internal auditors and the Management; and review the assistance given by Management to the external auditors, and discuss problems and concerns, if any, arising from the interim and final audits;

(e) Review and report to the Board of Directors at least annually the adequacy and effectiveness of the Company's risk management and system of internal controls;

(f) Review the effectiveness of the Company's internal audit function;

(g) Review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results and/or financial position, and the Management's response;

(h) Make recommendation to the Board of Directors on the proposals to the shareholders on the appointment, re-appointment or removal of the external auditors;

(i) Review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;

(j) Review potential conflicts of interest, if any;

(k) Undertake such other review and projects as may be requested by the Board of Directors, and report to the Board of Directors its findings from time to time on matters arising and which requires the attention of the ARC; and

(l) Undertake such other functions and duties as may be required by statute or the SGX-ST Listing Manual, or by such amendments as may be made from time to time.

The ARC has full access to and co-operation of management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the ARC.

The Company's internal audit function has been outsourced to Philip Liew & Co. Both the external auditors and the internal auditors report directly to the ARC their findings and recommendations.

5 AUDIT AND RISK COMMITTEE (cont'd)

The ARC, having reviewed the scope and value of non-audit services provided to the Company and Group by the external auditors, are satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors.

The ARC has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group 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

....
Yang Wen-Wei

....
Lee Khin Tien

28 March 2023

Independent Auditor’s Report

To the Members of HOTEL ROYAL LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Hotel Royal 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 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of profit or loss and 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 and other explanatory information, as set out on pages 107 to 171.

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 31 December 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.

Valuation of properties - Freehold land

The Group has freehold land on which hotels are sited and these are stated at their fair values based on independent external valuations. The Group’s freehold land amounting to $492.75 million, account for approximately 60% of total assets at 31 December 2022.

The valuation for freehold land involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied.

Certain freehold land are valued using the direct comparison approach and the key estimation inputs are values per square meter referenced to comparable properties, taking into consideration differences such as location, size, tenure and accessibility.

Other freehold land are valued using the residual approach, where the residual value of the land is estimated after deducting depreciated replacement cost of the hotel from the value of the whole property - land and hotel. The income capitalisation approach and direct comparison approach are used by the valuer to estimate the value of each whole property and the key estimation inputs include occupancy rates, revenue per room, the capitalisation rate and contract rate per room referenced to comparable properties, taking into consideration for differences such as location, size and tenure.

A change to any of the key inputs may have a significant impact on the valuation of each of the properties.

Our audit performed and responses thereon

We obtained an understanding of 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, competence and independence of the external valuers.

We involved our internal specialist to consider the appropriateness of the valuation methodologies used by the valuers, and evaluated the basis and assumptions used for the above key inputs in the respective valuation, and sought explanations from the valuers and management. We also evaluated whether these key inputs are reasonable and in line with the individual hotel’s performance or industry norms.

We also considered the adequacy of the disclosures in Note 13 to the financial statements, in describing the inherent degree of subjectivity and key assumptions used in the estimates.

Impairment of assets – Property, plant and equipment and investment properties

The Group’s property, plant and equipment (excluding freehold land) (“PPE”) and investment properties (“IPs”) account for approximately 18% and 12% of total assets respectively as at 31 December 2022. These assets (excluding freehold land in PPE) are stated at cost less accumulated depreciation and impairment loss. The PPE comprised mainly leasehold land, hotel building and building improvements (“leasehold land and hotel buildings”).

In assessing the recoverable amount and the extent of any impairment loss or reversal of impairment loss of the leasehold land and hotel buildings, and IPs, management has relied on the valuations performed by independent external valuers to estimate the recoverable amounts, and this involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied.

Underlying the valuations for hotel buildings and an IP, are key estimation inputs such as occupancy rates, revenue per room, estimated rental rates and the capitalisation rate.

Leasehold land and other IPs are valued using the direct comparison approach and the key estimation inputs are values per square meter referenced to comparable properties, taking into consideration for differences such as location, size, tenure and accessibility.

Our audit performed and responses thereon

We evaluated the qualifications and competence of the external valuers. We considered the appropriateness of the valuation methodologies used and evaluated the basis and assumptions used for the above key inputs in the respective valuation, and sought explanations from the valuers and management. We also discussed with management and evaluated the basis and key inputs used in their assessment in determining the recoverable amount of the assets and the impairment loss or reversal required, and had considered whether the key inputs are reasonable and in line with the individual hotel’s performance or industry norms.

The Group’s disclosure of the above significant estimates is disclosed in Note 3 to the financial statements, and further information related to the leasehold land and hotel buildings and IPs are provided in Notes 13 and 14 respectively.

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.

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.

Independent Auditor's Report (Cont'd)

To the Members of HOTEL ROYAL LIMITED

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 Hoe Chi-Hsien.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

28 March 2023

Statements of Financial Position

31 December 2022

	Note	The Group			The Company	
		2022	31 December 2021 (Restated)	1 January 2021 (Restated)	2022	2021
		$'000	$'000	$'000	$'000	$'000
ASSETS						
Current assets						
Cash and bank balances	6	47,023	29,139	16,202	33,444	19,287
Financial assets at fair value through profit or loss	7	3,834	3,898	3,406	1,866	1,477
Financial assets at fair value through other comprehensive income	8	6,190	8,986	8,447	777	1,660
Trade receivables	9	1,925	3,381	2,041	356	603
Other receivables, deposits and prepaid expenses	10	1,758	3,368	11,202	154	167
Inventories		716	918	1,043	95	269
Income tax recoverable		83	30	5	-	-
Total current assets		61,529	49,720	42,346	36,692	23,463
Non-current assets						
Subsidiaries	11	-	-	-	227,769	206,623
Financial assets at fair value through other comprehensive income	8	18,581	18,478	17,841	15,500	15,528
Other assets	12	740	529	530	53	61
Property, plant and equipment	13	644,157	615,647	614,389	239,863	221,130
Investment properties	14	101,318	109,772	107,705	22,027	22,138
Total non-current assets		764,796	744,426	740,465	505,212	465,480
Total assets		826,325	794,146	782,811	541,904	488,943
LIABILITIES AND EQUITY						
Current liabilities						
Bank loans	15	21,375	29,709	7,321	720	720
Trade payables		4,074	4,355	3,209	2,188	1,922
Other payables	16	4,723	4,591	5,278	2,708	3,604
Income tax payable		1,195	715	1,885	842	447
Derivative financial instruments	17	-	-	196	-	-
Total current liabilities		31,367	39,370	17,889	6,458	6,693

Statements of Financial Position (Cont'd)

31 December 2022

	Note	The Group			The Company	
		2022	31 December 2021 (Restated)	1 January 2021 (Restated)	2022	2021
		$'000	$'000		$'000	$'000
Non-current liabilities						
Other payables	16	35	27	31	14,602	33,014
Retirement benefit obligations	18	359	291	497	-	-
Long-term bank loans	19	152,930	166,422	120,197	70,947	72,404
Deferred tax liabilities	20	10,515	11,488	11,733	723	841
Total non-current liabilities		163,839	178,228	132,458	86,272	106,259
Capital and reserves						
Share capital	21	190,836	150,665	150,665	190,836	150,665
Asset revaluation reserve	22	372,300	338,010	382,010	214,508	194,308
Employee benefit reserve	23	15	32	180	-	-
Fair value reserve	24	16,217	17,645	17,272	14,540	14,435
Foreign currency translation reserve	25	(14,133)	(2,190)	4,859	-	-
Retained earnings		65,884	72,386	77,478	29,290	16,583
Total equity		631,119	576,548	632,464	449,174	375,991
Total liabilities and equity		826,325	794,146	782,811	541,904	488,943

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss

Year ended 31 December 2022

	Note	The Group 2022 $'000	The Group 2021 (Restated) $'000
Revenue	26	41,890	26,280
Cost of sales		(24,749)	(21,199)
Gross profit		17,141	5,081
Distribution costs		(939)	(605)
Administrative expenses		(11,262)	(10,560)
Other income	27	3,765	20,518
Other expenses		(5,842)	(13,629)
Finance costs	28	(5,797)	(4,163)
Loss before income tax	29	(2,934)	(3,358)
Income tax expense	30	(505)	(368)
Loss for the year attributable to owners of the Company		(3,439)	(3,726)
Basic loss per share	31	(3.35) cents	(3.69) cents
Diluted loss per share	31	(3.35) cents	(3.69) cents

See accompanying notes to financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2022

	Note	The Group 2022 $'000	The Group 2021 (Restated) $'000
Loss for the year		(3,439)	(3,726)
Other comprehensive income (loss):			
Items that will not be reclassified subsequently to profit or loss			
Net fair value (loss) gain on investments in equity instruments designated as at fair value through other comprehensive income		(1,971)	1,527
Re-measurement of defined benefit obligations		(17)	(148)
Revaluation of freehold land - hotels	13	34,290	(44,000)
Total		32,302	(42,621)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(11,943)	(7,049)
Other comprehensive income (loss) for the year, net of tax		20,359	(49,670)
Total comprehensive income (loss) for the year attributable to owners of the Company		16,920	(53,396)

See accompanying notes to financial statements.

Statement of Changes in Equity

Year ended 31 December 2022

	Share capital	Asset revaluation reserve	Employee benefit reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group							
Balance at 1 January 2021 (as reported previously)	150,665	382,010	180	17,272	4,341	69,350	623,818
Restatement (Note 38)	-	-	-	-	518	8,128	8,646
Balance at 1 January 2021 (restated)	150,665	382,010	180	17,272	4,859	77,478	632,464
Total comprehensive income (loss) for the year:							
Loss for the year	-	-	-	-	-	(3,726)	(3,726)
Other comprehensive income (loss) for the year	-	(44,000)	(148)	373	(7,049)	1,154	(49,670)
Total	-	(44,000)	(148)	373	(7,049)	(2,572)	(53,396)
Transactions with owners, recognised directly in equity:							
Final dividends (Note 36)	-	-	-	-	-	(2,520)	(2,520)
Balance at 31 December 2021	150,665	338,010	32	17,645	(2,190)	72,386	576,548

Statement of Changes in Equity (Cont'd)

Year ended 31 December 2022

	Share capital $'000	Asset revaluation reserve $'000	Employee benefit reserve $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000
The Group							
Balance at 1 January 2022 (as reported previously)	150,665	338,010	32	17,645	(2,232)	57,050	561,170
Restatement (Note 38)	-	-	-	-	42	15,336	15,378
Balance at 1 January 2022 (restated)	150,665	338,010	32	17,645	(2,190)	72,386	576,548
Total comprehensive income (loss) for the year:							
Loss for the year	-	-	-	-	-	(3,439)	(3,439)
Other comprehensive income (loss) for the year	-	34,290	(17)	(1,428)	(11,943)	(543)	20,359
Total	-	34,290	(17)	(1,428)	(11,943)	(3,982)	16,920
Transactions with owners, recognised directly in equity:							
Final dividends (Note 36)	-	-	-	-	-	(2,520)	(2,520)
Issuance of shares (Note 21)	40,171	-	-	-	-	-	40,171
	40,171	-	-	-	-	(2,520)	37,651
Balance at 31 December 2022	190,836	372,300	15	16,217	(14,133)	65,884	631,119

	Share capital	Asset revaluation reserve	Fair value reserve	Retained earnings	Total
	$'000	$'000	$'000	$'000	$'000
The Company					
Balance as at 1 January 2021	150,665	219,508	14,065	32,158	416,396
Total comprehensive income (loss) for the year:					
Loss for the year	-	-	-	(13,161)	(13,161)
Other comprehensive income (loss) for the year	-	(25,200)	370	106	(24,724)
Total	-	(25,200)	370	(13,055)	(37,885)
Transactions with owners, recognised directly in equity:					
Final dividends (Note 36)	-	-	-	(2,520)	(2,520)
Balance at 31 December 2021	150,665	194,308	14,435	16,583	375,991
Total comprehensive income (loss) for the year:					
Profit for the year	-	-	-	15,590	15,590
Other comprehensive income (loss) for the year	-	20,200	105	(363)	19,942
Total	-	20,200	105	15,227	35,532
Transactions with owners, recognised directly in equity:					
Final dividends (Note 36)	-	-	-	(2,520)	(2,520)
Issuance of share capital (Note 21)	40,171	-	-	-	40,171
	40,171	-	-	(2,520)	37,651
Balance at 31 December 2022	190,836	214,508	14,540	29,290	449,174

See accompanying notes to financial statements.

Consolidated Statement of Cash Flows

Year ended 31 December 2022

	The Group	
	2022	2021
	$'000	$'000
Operating activities		
Loss before income tax	(2,934)	(3,358)
Adjustments for:		
Allowance for doubtful receivables	193	154
Depreciation expense	7,002	7,645
Dividend income	(363)	(360)
Net fair value loss on financial assets at fair value through profit or loss	683	11
Gain on disposal of investment properties	-	(9,920)
Write back of impairment loss on investment properties	-	(96)
Write back of impairment loss on property, plant and equipment	(2,755)	-
Bargain purchase gain arising from acquisition of business (Note 37)	-	(8,328)
Impairment loss on property, plant and equipment	-	7,209
Impairment loss on investment properties	1,998	-
Interest expense	5,797	4,163
Interest income	(41)	-
Bad debt expense	204	-
Write back of allowance for doubtful receivables	(265)	(222)
Fair value gain on derivative financial instruments	-	(196)
Operating cash flows before movements in working capital	9,519	(3,298)
Financial assets at fair value through profit or loss	(618)	(1,362)
Trade and other receivables	2,398	6,307
Inventories	179	79
Trade and other payables	214	293
Cash generated from operations	11,692	2,019
Dividend received	363	360
Interest paid	(5,797)	(4,163)
Interest received	41	-
Income tax paid	(588)	(1,249)
Net cash from (used in) operating activities	5,711	(3,033)

	The Group	
	2022	2021
	$'000	$'000
Investing activities		
Additions to investment properties	(1,362)	(7,048)
Additions to property, plant and equipment	(8,860)	(2,437)
Proceeds from disposal of financial assets held at fair value through other comprehensive income	1,320	3,316
Proceeds from disposal of investment properties	-	10,739
Cash outflow on acquisition (Note 37)	-	(56,484)
Purchase of financial assets held at fair value through other comprehensive income	(599)	(3,139)
Net cash used in investing activities	(9,501)	(55,053)
Financing activities		
Dividends paid	(2,520)	(2,520)
Proceeds from bank loans	12,932	90,195
Repayment of bank loans	(28,412)	(16,345)
Proceeds from rights issue	40,171	-
Fixed deposits pledged to banks	(1,310)	17
Net cash from financing activities	20,861	71,347
Net increase in cash and cash equivalents	17,071	13,261
Cash and cash equivalents at beginning of year	28,103	15,149
Effect of currency exchange adjustment	(402)	(307)
Cash and cash equivalents at end of year (Note 6)	44,772	28,103

See accompanying notes to financial statements.

Notes to Financial Statements

31 December 2022

1 GENERAL

The Company (Registration No. 196800298G) is incorporated in Singapore with its registered office and its principal place of business at 36 Newton Road, Singapore 307964. The financial statements are expressed in Singapore dollars, which is the functional currency of the Company.

The principal activity of the Company is that of a hotelier and investment holding. The principal activities of the subsidiaries are disclosed in Note 11.

On 2 December 1968, the Company was listed on the Main Board of Singapore Exchange Securities Trading Limited ("SGX-ST").

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act 1967 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 if market participants would take these characteristics 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 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. These levels are described below:

- 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.

ADOPTION OF NEW AND REVISED STANDARDS – On 1 January 2022, the Group and the Company adopted all the new and revised SFRS(I) pronouncements that are mandatorily effective and are relevant to its operations. 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 disclosures or on the amounts reported for the current or prior years.

STANDARDS ISSUED BUT NOT YET EFFECTIVE - At the date of authorisation of these financial statements, the following SFRS(I)s pronouncements that are relevant to the Group and the Company were issued but not effective:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

STANDARDS ISSUED BUT NOT YET EFFECTIVE (cont'd)

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

- 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*

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption.

BASIS OF CONSOLIDATION - The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where 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.

Consolidation of a subsidiary begins when the company obtains control over the subsidiary and ceases when the company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the company gains control until the date when the company ceases to control the subsidiary.

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the group are eliminated on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control 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 the owners of the company.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BASIS OF CONSOLIDATION (cont'd)

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss 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), less 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) Accounting Standards). 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 *Financial Instruments*.

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

BUSINESS COMBINATION - Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefits 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 share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered to replace share-based payment arrangements of the acquiree are measured in accordance with SFRS(I) 2 *Share-based Payment* at the acquisition date; 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.

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

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value at the 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

BUSINESS COMBINATION (cont'd)

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 above), 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.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

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.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

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>

Debt instruments that meet the following conditions are measured subsequently 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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (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.

By default, all other financial assets are subsequently measured at fair value through profit or loss (FVTPL).

Despite the aforegoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

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.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

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. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "revenue" line item.

<u>Equity instruments designated as at FVTOCI</u>

On initial recognition, the Group may make an irrevocable election (on an instrument-by-instrument basis) to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which SFRS(I) 3 *Business Combinations* 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 fair value reserve. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with SFRS(I) 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'Revenue" line item in profit or loss.

The Group designated all investments in equity instruments that are not held for trading as at FVTOCI on initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Equity instruments designated as at FVTOCI (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

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.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called "accounting mismatch") 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 at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting date, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss is included in the "other income" or "other expenses" line item and any dividend or interest earned on the financial asset is included in the "revenue" line item. Fair value is determined in the manner described in Note 4(d)(vi).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically,

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "other expenses" line item;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the "other income" or "other expenses" line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the fair value reserve.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI, as well as on loan commitments and financial guarantee contracts. 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 Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Impairment of financial assets (cont'd)

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if 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-month ECL.

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, 12-month 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, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

- significant increase in credit risk on other financial instruments of the same debtors;
- 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; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, 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.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, 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; or

(b) a breach of contract, such as a default or past due event; or

(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; or

(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, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of expected credit losses 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 loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

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 12-month ECL at the current reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial assets (cont'd)

Measurement and recognition of expected credit losses (cont'd)

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 the investment revaluation 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 only 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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 the fair value 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 fair value 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 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 the Group after deducting all of its liabilities. Equity instruments issued by the Group 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.

Financial liabilities

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

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

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, 2) held for trading, or 3) it is designated as at FVTPL.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

Financial liabilities at FVTPL (cont'd)

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 either:

- 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. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities and is included in the "other income" or "other expenses" line item.

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.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss. Fair value is determined in the manner described in Note 4(d)(vi).

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.

Financial guarantee contracts liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Financial liabilities and equity instruments (cont'd)

Financial guarantee contracts liabilities (cont'd)

Financial guarantee contracts liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with SFRS(I) 9; and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost as at each reporting date, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "other income" or "other expenses" line item in profit or loss that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Group enters into interest rate swaps to manage its exposure to interest rate and foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 17 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is 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.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends 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.

INVENTORIES - Inventories comprising mainly consumables are stated at the lower of cost (weighted average method) and net realisable value. Cost includes all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs.

CASH AND CASH EQUIVALENTS - In the statement of financial position, cash and bank balances comprise cash (i.e. cash in hand, and on-demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

PROPERTY, PLANT AND EQUIPMENT - Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses except for freehold land on which certain hotels are sited, which are stated at revalued amounts.

Revaluations of freehold hotel land is performed with sufficient regularity such that the carrying amounts do not differ materially from those which would be determined using fair values at the end of the reporting period.

Any revaluation increase arising on the revaluation of freehold hotel land is recognised in other comprehensive income and accumulated in the asset revaluation reserve, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. A decrease in carrying amount arising on the revaluation of freehold hotel land is charged to profit or loss to the extent that it exceeds the balance, if any, held in the asset revaluation reserve relating to a previous revaluation increase of that asset.

Properties, plant and equipment in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any accumulated 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.

On subsequent sale or retirement of a revalued freehold hotel land, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

Depreciation is charged so as to write off the cost of assets, other than freehold land, over their estimated useful lives, using the straight-line method except for linen, china, glassware, silver and uniforms where the original expenditure has been written down to approximately one-half of the original cost and all subsequent purchases have been written off as replacements. The estimated useful lives are as follows:

	Number of years
Leasehold land	Over the remaining terms of the leases (92 to 96)
Hotel buildings	45 to 92
Building improvements - hotels	10 to 25
Plant and equipment	3 to 10

Depreciation is not provided on freehold land, which is recorded at fair value.

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

The gain or loss arising on 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 asset and is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings. No transfer is made from the revaluation reserve to retained earnings except when an asset is derecognised.

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

INVESTMENT PROPERTIES - Investment properties are held on a long-term basis for income and potential investment gains. Investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost, other than freehold land, over their estimated useful lives of 50 to 80 years, using the straight-line method. Acquired leasehold buildings are depreciated over the shorter of remaining useful life or the terms of the relevant lease.

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT - At each reporting period, the Group reviews the carrying amounts of its property, plant and equipment 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 the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and to the extent that the impairment loss is greater than the related revaluation surplus, the excess impairment loss is recognised 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 profit or loss, to the extent that it eliminates the impairment loss which has been recognised for the asset in prior years. Any increase in excess of this amount is treated as a revaluation increase.

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 the obligation, and a reliable estimate can be made of the amount of the obligation.

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. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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.

GOVERNMENT GRANTS - 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. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets (including property, plant and equipment) are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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.

LEASES

The Group as lessor

The Group enters into lease agreements as a lessor with respect to its investment property.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES (cont'd)

<u>The Group as lessor</u> (cont'd)

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the group's net investment outstanding in respect of the leases.

<u>The Group as lessee</u>

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 operating 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 its incremental borrowing rate.

The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment; a credit risk adjustment based on bond yields; and an entity-specific adjustment when the risk profile of the entity that enters into the lease is different to that of the Group and the lease does not benefit from a guarantee from the Group.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- 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 liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); or

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

LEASES (cont'd)

<u>The Group as lessee</u> (cont'd)

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.

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. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

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 together with the owned assets of the same class. The Group applies SFRS(I) 1-36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described above.

REVENUE RECOGNITION - The Group recognises revenue from the following major sources:

- Hotel; and
- Investment properties.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

Control of an asset refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, the asset. Control includes the ability to prevent other entities from directing the use of, and obtaining the benefits from, an asset.

<u>Revenue from hotel operations</u>

Revenue from operations of a hotel is recognised from the following major sources: hotel stays, carpark and spa services, and sales of food and beverages.

Revenue for hotel operations is recognised at a point in time when the services are rendered. This is also the point where the Group is entitled to payment.

Revenue from sales of food and beverages are recognised when control of the goods has transferred, being at the point in time when the food and beverages are consumed. This is also the point where the Group is entitled to payment.

Other hotel related revenue relating to spa services and carpark revenue are recognised when the services are rendered to the customers. Payment is due immediately when the customer consumes the service.

<u>Rental income</u>

Rental income recognition is described above in lease accounting policy above.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

REVENUE RECOGNITION (cont'd)

Financial investment income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the right to receive payment is established.

Income from providing financial guarantee is recognised in profit or loss over the guarantee period on a straight line basis.

BORROWING COSTS - Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, namely assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of these assets until such time as the assets are substantially ready for their intended use or sale.

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

EMPLOYEE LEAVE ENTITLEMENT - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

RETIREMENT BENEFIT COSTS - Payments to defined contribution retirement benefit plans are charged as an expense in profit or loss as they fall due. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund and Malaysia Employee Provident Fund are dealt with as payments to defined contribution plans.

Defined benefit costs are categorised as follows:

- Service cost (including current service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss as employee benefits expense. Curtailment gains or losses are accounted for as past service costs.

Subsidiaries in Thailand and Malaysia operate unfunded Retirement Benefit Schemes ("the Schemes") for their eligible employees. The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations carried out at the end of each reporting period. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is reflected immediately with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement gains and losses are recognised in other comprehensive income and accumulated in employee benefit reserve. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plan.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

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 profit or loss 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 that have been enacted or substantively enacted by the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

INCOME TAX (cont'd)

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax is the tax expected to be payable or recoverable 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 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 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. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, 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. Deferred tax assets arising from deductible temporary difference associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax law and rates that have been enacted or substantively enacted at the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

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 in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION - The individual financial statements of each group entity are measured and 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 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 (foreign currencies) are recognised at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION (cont'd)

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

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 on 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 a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposal of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

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 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Group's accounting policies, which are described in Note 2 above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements (apart from those involving estimates which are dealt with below).

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (cont'd)

Recoverable amount of investments in subsidiaries in the Company's statement of financial position

Management has evaluated whether there is any indication of impairment by considering both internal and external sources of information, performance of the subsidiaries and the market conditions in which the subsidiaries operate in. In performing the assessments, management has considered the financials of the entities and also the fair value of the underlying assets of the individual subsidiary.

During the financial year, management has determined that the recoverable amount of certain investments in subsidiaries is higher (2021: lower) than its carrying amount and accordingly, a reversal of impairment of $1,562,000 (2021: an impairment of $15,687,000) has been recognised in profit or loss. The carrying amounts of investments in subsidiaries, including additional funds provided to subsidiaries and deemed investments are disclosed in Note 11.

Freehold hotel land at revalued amounts (Note 13)

The valuation for freehold land involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied.

Certain freehold land are valued using the direct comparison approach and the key inputs are values per square meter referenced to comparable properties but adjusted for differences such as location, size, tenure and accessibility.

Other freehold land are valued using the residual approach, where the residual value of the land is estimated after deducting depreciated replacement cost of the hotel from the value of the whole property - land and hotel. The income capitalisation approach and direct comparison approach are used by the valuer to estimate the value of each whole property. The value of the whole property is sensitive to key estimation inputs such as occupancy rates and revenue per room (which affect the projected earnings before interest, tax, depreciation and amortisation), the capitalisation rate and contract rate per room referenced to comparable properties, taking into consideration for differences such as location, size and tenure. Management has exercised their judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions.

The carrying amount of freehold hotel land and additional information about inputs are described in Note 13.

Impairment of leasehold land, hotel building and building improvements ("leasehold land and hotel buildings") and investment properties ("IP")

The Group assess annually whether leasehold land and hotel buildings and investment properties have any indication of impairment in accordance with its accounting policy. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the recoverable amount of the leasehold land and hotel buildings, and IPs, management has relied on the valuations performed by independent external valuers to estimate the recoverable amounts and the impairment loss or reversal required, and this involves significant judgement in determining the appropriate valuation methodology to be used, and in estimating the underlying assumptions to be applied.

Underlying the valuations for hotel buildings and an IP, are key estimation inputs such as occupancy rates, estimated rental rates, revenue per room (which affect the projected earnings before interest, tax, depreciation and amortisation) and the capitalisation rate.

Leasehold land and other IPs are valued using the direct comparison approach and the key inputs are values per square meter referenced to comparable properties, taking into consideration for differences such as location, size, tenure and accessibility.

Based on the assessment, an impairment loss reversal of $2,755,000 and an impairment loss of $1,998,000 (2021: impairment of $7,209,000 and $Nil) has been recognised for leasehold land and hotel buildings, and investment properties respectively. The determination of recoverable amounts involves estimations relating to projected future earnings, occupancy rates, estimated rental rates, revenue per room and a discount rate ranging from 7% to 10% (2021: 8% to 9%). Any change in such projections and estimates can result in changes to the impairment loss or reversal in future periods. The carrying amounts of leasehold land and hotel buildings and investment properties at the end of the reporting period are disclosed in Notes 13 and 14 to the financial statements respectively.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) *Categories of financial instruments*

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

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets				
Financial assets at amortised cost	49,937	33,805	153,132	118,023
Financial assets designated as at FVTPL	3,834	3,898	1,866	1,477
Equity instruments designated as at FVTOCI	24,771	27,464	16,277	17,188
Financial liabilities				
Financial liabilities at amortised cost	183,137	205,104	88,496	108,147
Financial guarantee	-	-	2,669	3,517

(b) *Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements*

The Group and the Company do not have financial instruments which are subject to enforceable master netting arrangements or similar netting agreements.

(c) *Financial risk management policies and objectives*

The Group's overall financial risk management programme seeks to minimise potential adverse effects of financial performance of the Group arising from exposure to financial risks such as changes in foreign currency exchange rates, interest rates and equity prices. There has been no change to the Group's exposure to financial risks or the manner in which it manages and measures the risks.

The investments in bonds, fixed income funds and equity shares as disclosed in Notes 7 and 8 are subject to a variety of financial risks, including credit risk of counterparties, liquidity risk, interest rate risk, foreign currency risk, and other market risks related to prices of equity. The Group engages professional investment managers from banks to manage the risks and returns from certain financial investments classified as held for trading. All investment accounts opened with professional investment managers from banks are approved by the board of directors. Investment managers from the banks are given discretionary powers to make investment decisions on behalf of management based on specified guidelines for managed funds.

(d) *Exposure to financial risks*

(i) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

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

Category	Description	Basis for recognising expected credit losses (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.	Lifetime ECL - not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	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

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(d) *Exposure to financial risks* (cont'd)

(i) Credit risk management (cont'd)

The tables below detail the credit quality of the Group's financial assets, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount	Loss allowance	Net carrying amount
Group				**$'000**	**$'000**	**$'000**
2022						
Trade receivables	9	(i)	Lifetime ECL (simplified approach)	2,221	(296)	1,925
Other receivables and refundable deposits	10	Performing	12-month ECL	1,101	-	1,101
					(296)	
2021						
Trade receivables	9	(i)	Lifetime ECL (simplified approach)	3,782	(401)	3,381
Other receivables and refundable deposits	10	Performing	12-month ECL	1,705	-	1,705
					(401)	
Company						
2022						
Trade receivables	9	(i)	Lifetime ECL (simplified approach)	356	-	356
Other receivables and refundable deposits	10	Performing	12-month ECL	87	-	87
					-	
2021						
Trade receivables	9	(i)	Lifetime ECL (simplified approach)	739	(136)	603
Other receivables and refundable deposits	10	Performing	12-month ECL	63	-	63
					(136)	

(i) For trade receivables, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The Group determines 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. Note 9 includes further details on the loss allowance for these trade receivables.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(d) Exposure to financial risks (cont'd)

(i) Credit risk management (cont'd)

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses publicly available financial information and its own trading records to assess the credit rating and rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Before accepting any new customer, management assesses the potential customer's credit quality and defines credit limits by customer. The review of customer credit limits is conducted annually. There is no single customer who accounts for 10% or more of the Group's trade receivables.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, management considers that the Group's credit risk is significantly reduced.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group's credit risk is primarily attributable to its cash and bank balances, trade and other receivables. Cash and fixed deposits (Note 6) are in the custody of creditworthy financial institutions. Trade receivables are largely from credit card companies, tour agencies, regular corporate clients, hotels and tenants at the properties of the Group. Deposits may be collected to mitigate the credit risks.

The Group has no significant concentration of credit risk.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses represent the Group's maximum exposure to credit risk.

(ii) Interest rate risk management

The Group is exposed to Singapore Overnight Rate Average ('SORA') and Singapore Dollar Swap Offer Rate ("SOR"). The exposures arise on bank borrowings.

The Group has closely monitored the market and the updates of the interest rates benchmark transition in Singapore and Thailand. Particularly in Singapore, this includes announcements made by the Association of Banks in Singapore (ABS), the Singapore Foreign Exchange Market Committee (SFEMC), and the Steering Committee for SOR Transition to SORA (SC-STS) (the "Committees"). The Committees have identified SORA as the alternative risk-free to replace the SOR and Singapore Interbank Offered Rate ("SIBOR") in Singapore. The timelines for SOR and SIBOR are set to be discontinued by 30 June 2023 and 31 December 2024, respectively, and replaced by the Singapore Overnight Rate Average ("SORA"). The Group expects that there are no significant effects to those contracts that referenced to SOR.

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing liabilities and assets. Information on variable interest rate instruments are in section (v) below, and in Notes 15 and 19.

Interest rate sensitivity

The sensitivity analyses below is based on the exposure to variable interest rates for financial assets and financial liabilities at the end of the reporting period.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's loss would increase/decrease by approximately $0.87 million (2021: $0.98 million).

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(d) *Exposure to financial risks* (cont'd)

(ii) Interest rate risk management (cont'd)

Interest rate sensitivity (cont'd)

The above analysis excludes the effects that changes in interest rates would have on the fair value of fixed rate bonds, fixed income funds and money market funds. Generally, increases and decreases in interest rates will have inverse impact on the fair value of investments which have fixed interest rates.

(iii) Foreign currency risk management

At the reporting date, the carrying amounts of significant financial assets denominated in currencies other than the functional currency of the respective entities in the Group are as follows:

	The Group		The Company	
	Assets		Assets	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
United States dollar	8,058	10,335	2,707	2,918
Euro	667	888	31	66
Malaysian ringgit	203	-	-	-

The above amounts include balances of subsidiaries which are eliminated on consolidation in the statement of financial position but will continue to contribute to foreign currency exposures in the statement of profit or loss and other comprehensive income.

There are no significant financial liabilities denominated in currencies other than the functional currency of the respective entities.

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each entity in the Group using the monetary amounts denominated in foreign currency at the period.

If the relevant foreign currency strengthens or weakens by 5% against the functional currency of each Group entity:

(a) Loss will decrease or increase respectively by approximately:

	The Group	
	2022	2021
	$'000	$'000
Impact arising from		
United States dollar	143	119

(b) Other comprehensive income will increase or decrease respectively by approximately:

	The Group	
	2022	2021
	$'000	$'000
Impact arising from		
United States dollar	260	398
Euro	33	44
Malaysian ringgit	10	-

Changes in exchange rates of other currencies do not have a significant effect on profit or loss, and other comprehensive income.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(d) *Exposure to financial risks* (cont'd)

(iii) Foreign currency risk management (cont'd)

Additionally, the Group is exposed to currency translation risk arising from net assets of subsidiaries operating in Malaysia, New Zealand and Thailand which are denominated in their respective domestic currencies which is also their functional currencies.

At the end of the year, net assets in the following countries, expressed as a percentage of net assets of the Group were as follows:

	The Group	
	2022	**2021 (Restated)**
	%	**%**
Malaysia	16	12
New Zealand	9	10
Thailand	10	9

(iv) Equity price risk management

The Group is exposed to equity risks arising from equity investments at FVTPL and at FVTOCI. Equity investments measured at FVTOCI are held for strategic rather than trading purposes. The Group does not actively trade such investments.

Further details of these equity investments can be found in Notes 7 and 8.

Equity price sensitivity

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

In respect of equity instruments at FVTOCI, if equity price had been 10% higher/lower while all other variables were held constant, the Group's fair value reserves would increase/decrease by approximately $2.5 million (2021: $2.7 million).

(v) Liquidity risk management

At the end of the year, the Group and the Company have unutilised credit facilities totaling $160.5 million (2021: $160.7 million) and $102.2 million (2021: $101.3 million) respectively.

From time to time, management evaluates the tenure of credit facilities. Both the Company and the Group have adequate resources to discharge obligations as and when they fall due.

Liquidity and interest risk analyses

Financial liabilities

The following table details the remaining contractual maturity for financial liabilities. The undiscounted cash flows of financial liabilities stated below are based on the earliest date on which the Group and Company can be required to pay interest and principal cash flows. The adjustment column represents future interest which is not included in the carrying amounts of the financial liabilities in the statements of financial position.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(d) *Exposure to financial risks* (cont'd)

(v) Liquidity risk management (cont'd)

Liquidity and interest risk analyses (cont'd)

Financial liabilities (cont'd)

	Weighted average effective interest rate		On demand or within 1 year		Within 2 to 5 years		More than 5 years		Adjustment		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	% p.a.	% p.a.	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities												
The Group												
Non-interest bearing	NA	NA	8,797	8,946	35	27	-	-	-	-	8,832	8,973
Variable interest rate instruments	3.50	2.09	27,476	34,086	130,111	176,951	42,482	-	(25,764)	(14,906)	174,305	196,131
			36,273	43,032	130,146	176,978	42,482	-	(25,764)	(14,906)	183,137	205,104
The Company												
Non-interest bearing	NA	NA	4,896	5,526	20	-	-	-	-	-	4,916	5,526
Variable interest rate instruments	1.55	1.21	3,370	2,005	88,705	108,989	-	-	(5,826)	(4,856)	86,249	106,138
			8,266	7,531	88,725	108,989	-	-	(5,826)	(4,856)	91,165	111,664

NA: not applicable.

Financial assets

The following table details the expected maturity for financial assets. The amounts are based on the contractual maturities of the financial assets including future interest that will be earned on those assets except where the Group and the Company anticipates that the cash flow will occur in a different period. The adjustment column represents future interest which is not included in the carrying amounts of the financial assets on the statements of financial position.

	Weighted average effective interest rate		On demand or within 1 year		Within 2 to 5 years		Adjustment		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	% p.a.	% p.a.	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets										
The Group										
Non-interest bearing	NA	NA	26,057	34,296	18,655	18,548	-	-	44,712	52,844
Fixed interest rate instruments	3.24	1.78	34,932	12,382	-	-	(1,102)	(59)	33,830	12,323
			60,989	46,678	18,655	18,548	(1,102)	(59)	78,542	65,167
The Company										
Non-interest bearing	NA	NA	6,427	23,090	15,603	15,528	-	-	22,030	38,618
Fixed interest rate instruments	3.30	NA	30,990	-	-	-	(990)	-	30,000	-
Variable interest rate instruments	3.06	1.82	3,645	1,867	133,825	103,858	(18,225)	(7,655)	119,245	98,070
			41,062	24,957	149,428	119,386	(19,215)	(7,655)	171,275	136,688

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(d) Exposure to financial risks (cont'd)

(vi) Fair value of financial assets and financial liabilities

The Group and the Company determines fair values of financial assets and financial liabilities in the following manner:

(a) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values due to the relatively short-term maturity of these financial instruments. The carrying amounts of long-term borrowings approximate their fair values as interest rates float with market rates.

(b) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

The following financial assets are measured at fair value at the end of each reporting period. Fair values belong to the following levels in the fair value hierarchy.

	Level 1		Level 3	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
The Group				
Financial assets at fair value through profit or loss:				
- Quoted bonds	3,834	3,887	-	-
- Unquoted managed funds	-	-	-	11
Financial assets at fair value through other comprehensive income:				
- Quoted equity shares	9,277	11,680	-	-
- Structured products	-	-	569	859
- Unquoted equity shares	-	-	14,925	14,925
The Company				
Financial assets at fair value through profit or loss:				
- Quoted bonds	1,866	1,466	-	-
- Unquoted managed funds	-	-	-	11
Financial assets at fair value through other comprehensive income:				
- Quoted equity shares	1,352	2,263	-	-
- Unquoted equity shares	-	-	14,925	14,925

Fair values of investments classified as Level 1 of the fair value hierarchy are based on publicly available quoted prices. Level 3 investments are measured based on net assets of the unquoted funds as provided by the fund managers and measured based on adjusted net assets of the unquoted equity shares. There is no investment falling within Level 2 of the fair value hierarchy.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(d) *Exposure to financial risks* (cont'd)

(vi) Fair value of financial assets and financial liabilities (cont'd)

Reconciliation of Level 3 fair value measurement:

	Financial assets at FVTPL (Unquoted managed funds) $'000	Financial assets at FVTOCI (Structured products and equity shares) $'000	Total $'000
2022			
Group			
Opening balance	11	15,784	15,795
Disposal	(11)	-	(11)
Total gains or loss:			
- In profit or loss *	-	-	-
- In other comprehensive income	-	(290)	(290)
Closing balance	-	15,494	15,494
Company			
Opening balance	11	14,925	14,936
Disposal	(11)	-	(11)
Total gains or loss:			
- In profit or loss *	-	-	-
- In other comprehensive income	-	-	-
Closing balance	-	14,925	14,925

	Financial assets at FVTPL (Unquoted managed funds) $'000	Financial assets at FVTOCI (Structured products and equity shares) $'000	Total $'000
2021			
Group			
Opening balance	10	14,694	14,704
Purchases	-	859	859
Total gains or loss:			
- In profit or loss *	1	-	1
- In other comprehensive income	-	231	231
Closing balance	11	15,784	15,795
Company			
Opening balance	9	14,694	14,703
Total gains or loss:			
- In profit or loss *	2	-	2
- In other comprehensive income	-	231	231
Closing balance	11	14,925	14,936

* Included as part of "other income" or "other expenses" in profit or loss.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (cont'd)

(d) *Exposure to financial risks* (cont'd)

(vi) Fair value of financial assets and financial liabilities (cont'd)

The gains and losses included in other comprehensive income relate to investments designated at FVTOCI held at the end of the reporting period and are reported as changes of "fair value reserves".

(e) *Capital management policies and objectives*

The Group's overall strategy for managing capital remains unchanged from prior year. Capital of the Group is managed to ensure that entities in the Group will be able to continue as going concern and returns to stakeholders are optimised through a mix of equity, short-term and long-term debts.

The capital structure of the Group consists of equity comprising share capital (Note 21), reserves and retained earnings; and debt which comprise bank loans (Notes 15 and 19).

Management reviews the capital structure at least once a year, taking into consideration the cost of capital, the risks and tenure associated with each class of capital. The bank loans require the Group to comply with certain covenants such as debt to security ratio. The Group is in compliance with these covenants except for a subsidiary. As at the end of the current financial reporting period, a financial covenant relating to secured borrowings amounting to $8.5 million (2021: $15.3 million) of a subsidiary was not met and was classified as current liabilities. Subsequent to the year end, the subsidiary had obtained a waiver from the bank and the facility continues to be provided by the bank.

Information on aggregate debts (comprising bank borrowings) as a ratio of total assets and equity are as follows:

	The Group	
	2022	2021 (Restated)
	$'000	$'000
Total debt	174,305	196,131
Total assets	826,325	794,146
Total equity	631,119	576,548
Debt-to-total assets ratio	21%	25%
Debt-to-total equity ratio	28%	34%

5 RELATED PARTY TRANSACTIONS

Compensation of directors and key management personnel

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

	The Group	
	2022	2021
	$'000	$'000
Short-term benefits	1,109	928
Post-employment benefits	69	26
	1,178	954

The remuneration of directors and key management personnel is determined by the Remuneration Committee having regard to the performance of individuals and market trends.

5 RELATED PARTY TRANSACTIONS (cont'd)

Other related party transactions comprise:

	The Group	
	2022	2021
	$'000	$'000
Fees paid to a medical practice owned by a director	5	4
Commission received from a related party for property management services *	3	-
Rental income from a related party *	112	97
Commission paid to a related party for property management services *	16	22

* Entities in which certain directors of the Company have equity interest, hold significant influence and/or are key management personnel of the entities.

6 CASH AND BANK BALANCES

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Cash on hand	124	113	46	45
Cash at bank	13,069	16,703	3,398	9,242
Fixed deposits	33,830	12,323	30,000	10,000
Total	47,023	29,139	33,444	19,287
Less: Fixed deposits pledged	(2,251)	(1,036)	-	-
Cash and cash equivalents in statement of cash flows	44,772	28,103	33,444	19,287

Fixed deposits of a subsidiary are pledged for a loan facility (Note 19).

The Group and the Company's fixed deposits earn interest ranging from 1.85% to 4.00% to 3.30% (2021: 0.15% to 1.80% and 0.15%) per annum respectively and for terms ranging from 30 days to 365 days and 365 days (2021: 33 days to 365 days and 33 days) respectively.

7 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group designated the investments shown below as at FVTPL because these represent investments that offer the Group the opportunity for return through dividend income and fair value gains.

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Quoted bonds	3,834	3,887	1,866	1,466
Unquoted managed funds	-	11	-	11
	3,834	3,898	1,866	1,477

The investments above offer the Group the opportunity for return through dividend income and fair value gains. They have no fixed maturity or coupon rate. The fair values of these securities are based on closing quoted market prices on the last market day of the financial year.

Unquoted managed funds are measured at fair value through profit or loss in accordance with SFRS(I) 9 *Financial Instruments*, as they represent an identified portfolio of investments which the Group manages together with an intention of profit taking when the opportunity arises.

Changes in the fair value of financial assets at fair value through profit or loss, amounting to net loss of $683,000 (2021: $11,000) have been included in profit or loss for the year as part of " other expenses ".

8 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group designated the investments shown below as equity investments as at FVTOCI because these equity investments represent investments that the Group intends to hold for the medium to long-term for strategic purposes.

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Current assets				
Quoted equity shares	5,621	8,127	777	1,660
Structured products	569	859	-	-
	6,190	8,986	777	1,660
Non-current assets				
Quoted equity shares	3,656	3,553	575	603
Unquoted equity share	14,925	14,925	14,925	14,925
	18,581	18,478	15,500	15,528
Total	24,771	27,464	16,277	17,188

The investments above offer the Group the opportunity for return through dividend income and fair value gains. These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, management has elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

The financial assets held at fair value through other comprehensive income presented as current assets are those held in investment accounts managed on behalf of the Group by professional fund managers and are subject to changes in components of investments within the portfolio. The financial assets held at fair value through other comprehensive income presented as non-current assets are those managed directly by the Group and are held for long-term investments.

9 TRADE RECEIVABLES

	The Group		The Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables	2,188	3,764	356	739
Related parties [1]	33	18	-	-
Total	2,221	3,782	356	739
Less: Loss allowance	(296)	(401)	-	(136)
	1,925	3,381	356	603

(1) Entities in which certain directors of the Company have equity interest, hold significant influence and/or are key management personnel of the entities.

The credit period granted to customers is generally 30 days (2021 : 30 days). No interest is charged on the outstanding trade receivables. Loss allowance for trade receivables has always been measured at an amount equal to lifetime expected credit losses ("ECL"). The ECL on trade receivables are estimated using a provision matrix 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, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of 100% against all receivables over a year past due because historical experience has indicated that these receivables are generally not recoverable.

9 TRADE RECEIVABLES (cont'd)

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

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, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. None of the trade receivables that have been written off is subject to enforcement activities.

The Group and the Company's age of receivables past due but not impaired amounted to $0.9 million and $0.1 million (2021: $1.6 million and $0.2 million) respectively and ranges from 31 to 60 days (2021: 31 to 60 days). The Group and the Company's allowance of $296,000 and $Nil (2021: $401,000 and $136,000) respectively had been provided against receivables that are past due.

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:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Balance at beginning of the year	401	510	136	83
Loss allowance recognised in profit or loss during the year:				
- Assets originated	193	154	-	119
- No longer required (write-back)	(265)	(222)	(136)	(30)
- Exchange adjustment	(15)	(10)	-	-
Write off against loss allowance	(18)	(31)	-	(36)
Balance at end of the year	296	401	-	136

10 OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Outside parties	539	1,188	87	63
Refundable deposits	562	517	-	-
Prepaid expenses	657	1,600	67	64
Government grant receivables [(a)]	-	63	-	40
	1,758	3,368	154	167

(a) Government grant receivable related to Job Support Scheme ("JSS") payouts receivable, which were part of the Singapore Government's measures to support business during the period of economic uncertainty impacted by COVID-19.

For purpose of impairment assessment, other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses ("ECL").

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. Management has determined the credit loss to be insignificant.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

11 SUBSIDIARIES

	The Company	
	2022	2021
	$'000	$'000
Unquoted equity shares - at cost	97,703	97,703
Less: Impairment loss	(2,000)	(2,000)
	95,703	95,703
Funds provided to subsidiaries	139,407	119,823
Less: Impairment loss	(20,162)	(21,753)
	119,245	98,070
Deemed investment in subsidiaries arising from fair value of corporate guarantees given to banks which extended credit facilities to the subsidiaries	14,225	14,225
Less: Impairment loss	(1,404)	(1,375)
	12,821	12,850
	227,769	206,623

Movement of impairment loss:

	The Company	
	2022	2021
	$'000	$'000
Balance at beginning of the year	25,128	9,441
(Reversal of impairment) Impairment loss recognised in profit or loss	(1,562)	15,687
Balance at end of the year	23,566	25,128

The Company carried out a review of the recoverable amounts of its subsidiaries where there was an indication that the investments had suffered an impairment loss. The review concluded that an impairment of $23,566,000 (2021: $25,128,000) is made on the carrying amount of certain investments. The recoverable amount is determined based on the carrying amount of the relevant subsidiaries' audited net assets, adjusted for revaluation gain or loss on the hotel land and/ or building of the subsidiary which is not included in the subsidiary's accounts or which approximates recoverable amount at the end of the reporting period.

11 SUBSIDIARIES (cont'd)

The details of the Company's subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest		Proportion of voting power held		Principal activities
		2022	2021	2022	2021	
		%	%	%	%	
Royal Properties Investment Pte Ltd	Singapore	100	100	100	100	Investment in properties and subsidiaries.
Royal Capital Pte Ltd	Singapore	100	100	100	100	Investment in financial assets.
Castle Mall Properties Pte Ltd (wholly owned subsidiary of Royal Properties Investment Pte Ltd)	Singapore	100	100	100	100	Provision of intercompany loans.
Hotel Royal @ Queens (Singapore) Pte Ltd (wholly owned subsidiary of Royal Properties Investment Pte Ltd)	Singapore	100	100	100	100	Owns and manages a hotel.
Hotel Royal (Thailand) Private Limited	Singapore	100	100	100	100	Investment in subsidiaries.
Prestige Properties Sdn. Bhd. (1)	Malaysia	100	100	100	100	Investment in subsidiaries.
Faber Kompleks Sdn. Bhd. (1) (wholly owned subsidiary of Prestige Properties Sdn. Bhd.)	Malaysia	100	100	100	100	Owns and manages a hotel and commercial properties.
Premium Lodge Sdn. Bhd. (1) (wholly owned subsidiary of Prestige Properties Sdn. Bhd.)	Malaysia	100	100	100	100	Owns and manages a hotel.
Baba Residences Sdn. Bhd. (1) (wholly owned subsidiary of Prestige Properties Sdn. Bhd.)	Malaysia	100	100	100	100	Owns and manages a hotel.
Every Room A Home Sdn. Bhd. (1) (wholly owned subsidiary of Prestige Properties Sdn. Bhd.)	Malaysia	100	100	100	100	Owns and manages a hotel.
Grand Complex Properties Ltd (1) (wholly owned subsidiary of Royal Properties Investment Pte Ltd)	New Zealand	100	100	100	100	Investment in commercial properties.
Hotel Royal Bangkok (Thailand) Co., Ltd (1)(2) (shares held by Hotel Royal (Thailand) Private Limited)	Thailand	40	40	87	87	Owns and manages a hotel.
Excellent Hotel (Thailand) Co., Ltd. (1)(3)(shares held by Hotel Royal (Thailand) Private Limited)	Thailand	49	49	91	91	Investment in subsidiary.
Panali Co., Ltd. (1)(4)	Thailand	74	74	100	100	Owns a hotel.

11 SUBSIDIARIES (cont'd)

All the subsidiaries are audited by Deloitte & Touche LLP, Singapore except as indicated below:

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

(2) Hotel Royal (Thailand) Private Limited (a wholly-owned subsidiary in the Group) holds 40% of all shares in Hotel Royal Bangkok (Thailand) Co., Ltd and controls 87% of all votes exercisable by shareholders of Hotel Royal Bangkok (Thailand) Co., Ltd. The Articles of Association of Hotel Royal Bangkok (Thailand) Co., Ltd specifies that Hotel Royal (Thailand) Private Limited is responsible for all liabilities, assets and retained earnings of Hotel Royal Bangkok (Thailand) Co., Ltd. The consolidated financial statements of the Group thus includes all liabilities, assets and retained earnings of Hotel Royal Bangkok (Thailand) Co., Ltd.

(3) Hotel Royal (Thailand) Private Limited (a wholly-owned subsidiary in the Group) holds 49% of all shares in Excellent Hotel (Thailand) Co., Ltd and controls 91% of all votes exercisable by shareholders of Excellent Hotel (Thailand) Co., Ltd. The Articles of Association of Excellent Hotel (Thailand) Co., Ltd specifies that Hotel Royal (Thailand) Private Limited is responsible for all liabilities, assets and retained earnings of Excellent Hotel (Thailand) Co., Ltd. The consolidated financial statements of the Group thus includes all liabilities, assets and retained earnings of Excellent Hotel (Thailand) Co., Ltd.

(4) The Company's subsidiaries, Hotel Royal (Thailand) Private Limited and Excellent Hotel (Thailand) Co., Ltd hold an aggregate of 100% of the equity shares of Panali Co., Ltd.

The amounts owing by subsidiaries to the Company are unsecured, not expected to be repaid within the next 12 months from the end of the reporting date. The outstanding amount of $139.4 million (2021: $119.8 million) bear interest ranging from 0.80% to 5.24% (2021: 1.55% to 3.55%) per annum which approximate market interest rate. Hence, the carrying amounts approximate their respective fair values.

The Company undertakes to provide financial support to certain subsidiaries with net current liabilities to ensure that subsidiaries can meet their contractual obligations when they fall due.

12 OTHER ASSETS

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Lease incentives	852	949	53	61
Less: Current portion included in trade receivables	(186)	(490)	-	-
Non-current portion	666	459	53	61
Deposits	74	70	-	-
	740	529	53	61

Lease incentives refer to non-cash incentives provided to tenants for entering into rental agreements for properties owned by the Group. The incentives are recognised as a reduction of rental income over the lease term on a straight-line basis.

13 PROPERTY, PLANT AND EQUIPMENT

	Freehold land - hotels	Leasehold land	Hotel buildings	Building improvements - hotels	Plant and equipment	Linen, china glassware, silver and uniform	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group								
Cost or valuation:								
As at 1 January 2021	479,473	2,833	144,453	22,851	52,810	1,067	1,519	705,006
Additions	-	-	659	112	1,666	-	-	2,437
Acquisition of business (Note 37)	33,054	-	31,758	-	-	-	-	64,812
Disposals	-	-	-	-	(62)	-	-	(62)
Revaluation loss	(44,000)	-	-	-	-	-	-	(44,000)
Exchange adjustment	(4,311)	(45)	(4,993)	(828)	(683)	(42)	(25)	(10,927)
As at 31 December 2021	464,216	2,788	171,877	22,135	53,731	1,025	1,494	717,266
Additions	-	-	6,149	753	981	22	955	8,860
Disposals	-	-	-	(10)	(323)	(9)	-	(342)
Reclassification *	370	(370)	(18,853)	49,113	(28,433)	-	(1,827)	-
Revaluation surplus	34,290	-	-	-	-	-	-	34,290
Exchange adjustment	(5,841)	(161)	(6,701)	(965)	(765)	(28)	(84)	(14,545)
As at 31 December 2022	493,035	2,257	152,472	71,026	25,191	1,010	538	745,529
Comprising:								
31 December 2022								
At valuation	493,035	-	-	-	-	-	-	493,035
At cost	-	2,257	152,472	71,026	25,191	1,010	538	252,494
Total	493,035	2,257	152,472	71,026	25,191	1,010	538	745,529
31 December 2021								
At valuation	464,216	-	-	-	-	-	-	464,216
At cost	-	2,788	171,877	22,135	53,731	1,025	1,494	253,050
Total	464,216	2,788	171,877	22,135	53,731	1,025	1,494	717,266

* Reclassifications have been made to conform with the Group's presentation

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land - hotels $'000	Leasehold land $'000	Hotel buildings $'000	Building improvements - hotels $'000	Plant and equipment $'000	Linen, china glassware, silver and uniform $'000	Construction in progress $'000	Total $'000
The Group								
Accumulated depreciation:								
As at 1 January 2021	-	115	26,192	10,366	43,570	872	-	81,115
Charge for the year	-	30	1,307	1,075	3,624	47	-	6,083
Disposals	-	-	-	-	(62)	-	-	(62)
Exchange adjustment	-	(1)	(420)	(295)	(604)	(46)	-	(1,366)
As at 31 December 2021	-	144	27,079	11,146	46,528	873	-	85,770
Charge for the year	-	29	1,698	2,457	1,512	6	-	5,702
Disposals	-	-	-	(3)	(329)	(10)	-	(342)
Reclassification *	-	-	233	27,155	(27,093)	(295)	-	-
Exchange adjustment	-	(9)	(657)	(695)	(749)	(35)	-	(2,145)
As at 31 December 2022	-	164	28,353	40,060	19,869	539	-	88,985
Accumulated impairment loss:								
As at 1 January 2021	325	323	2,306	6,411	43	94	-	9,502
Impairment loss	368	-	6,504	337	-	-	-	7,209
Exchange adjustment	(5)	(5)	(345)	(499)	(3)	(5)	-	(862)
As at 31 December 2021	688	318	8,465	6,249	40	89	-	15,849
Reversal of impairment loss	(771)	-	(411)	(1,549)	(12)	(12)	-	(2,755)
Reclassification *	385	(299)	(4,659)	4,481	17	75	-	-
Exchange adjustment	(20)	(19)	(423)	(241)	(1)	(3)	-	(707)
As at 31 December 2022	282	-	2,972	8,940	44	149	-	12,387
Carrying amount:								
As at 31 December 2022	492,753	2,093	121,147	22,026	5,278	322	538	644,157
As at 31 December 2021	463,528	2,326	136,333	4,740	7,163	63	1,494	615,647

* Reclassification have been made to conform with the Group's presentation

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land - hotels	Hotel buildings	Building improvements - hotels	Plant and equipment	Linen, china glassware, silver and uniform	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Company							
Cost or valuation:							
As at 1 January 2021	241,400	7,985	3,553	24,833	398	-	278,169
Additions	-	-	-	129	-	-	129
Disposals	-	-	-	(54)	-	-	(54)
Revaluation loss	(25,200)	-	-	-	-	-	(25,200)
As at 31 December 2021	216,200	7,985	3,553	24,908	398	-	253,044
Additions	-	-	57	58	-	-	115
Disposals	-	-	-	(52)	-	-	(52)
Reclassification *	-	-	22,562	(22,562)	-	-	-
Revaluation surplus	20,200	-	-	-	-	-	20,200
As at 31 December 2022	236,400	7,985	26,172	2,352	398	-	273,307
Comprising:							
31 December 2022							
At valuation	236,400	-	-	-	-	-	236,400
At cost	-	7,985	26,172	2,352	398	-	36,907
Total	236,400	7,985	26,172	2,352	398	-	273,307
31 December 2021							
At valuation	216,200	-	-	-	-	-	216,200
At cost	-	7,985	3,553	24,908	398	-	36,844
Total	216,200	7,985	3,553	24,908	398	-	253,044

* Reclassifications have been made to conform with the Group's presentation

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land - hotels	Hotel buildings	Building improvements - hotels	Plant and equipment	Linen, china glassware, silver and uniform	Construction in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Company							
Accumulated depreciation:							
As at 1 January 2021	-	7,180	3,235	19,759	217	-	30,391
Charge for the year	-	28	43	1,505	-	-	1,576
Disposals	-	-	-	(53)	-	-	(53)
As at 31 December 2021	-	7,208	3,278	21,211	217	-	31,914
Charge for the year	-	28	1,439	115	-	-	1,582
Disposals	-	-	-	(52)	-	-	(52)
Reclassification *	-	-	19,256	(19,256)	-	-	-
As at 31 December 2022	-	7,236	23,973	2,018	217	-	33,444
Carrying amount:							
As at 31 December 2022	236,400	749	2,199	334	181		239,863
As at 31 December 2021	216,200	777	275	3,697	181	-	221,130

* Reclassifications have been made to conform with the Group's presentation

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. The right-of-use asset relating to leasehold land is presented under property, plant and equipment.

Property, plant and equipment of the Group and the Company with carrying amounts of $582.5 million and $239.3 million (2021: $559 million and $217.3 million) respectively are pledged as securities for the Group's and the Company's bank loans as disclosed in Notes 15 and 19.

During the year, the Group carried out a review of the recoverable amount of its property, plant and equipment. The review led to the reversal of impairment loss of $2,755,000 (2021: impairment of $7,209,000) based on recoverable amount by reference to the valuation performed by independent appraisers as at 31 December 2022 (31 December 2021).

<u>Fair value measurement of freehold land</u>

Revaluation increase/decrease is recognised only for freehold hotel land in accordance with the Group's accounting policies.

The Group engaged independent professional valuers who have the appropriate qualification and recent experience in such fair value measurement, to assist management in assessing the fair values of freehold land. Information relating to significant estimates involved in valuation of freehold land are provided in Note 3.

Based on the valuation, revaluation gain amounting to $34.3 million (2021: revaluation loss $44.0 million) and $20.2 million (2021: revaluation loss $25.2 million) for the Group and Company respectively, was recognised in other comprehensive income. Any revaluation loss will be charged against the asset revaluation reserve to the extent that the decrease did not exceed the amount held in the asset revaluation reserve of the same freehold land. As at 31 December 2021, revaluation loss of $0.4 million which exceeded the balance accumulated in the asset revaluation reserve of the same freehold land was recognised in profit or loss.

13 PROPERTY, PLANT AND EQUIPMENT (cont'd)

Fair value measurement of freehold land (cont'd)

The estimated fair values as at the end of each reporting period of the Group's freehold land are as follows:

	2022 $'000	2021 $'000
The Group		
Freehold land:		
- Singapore	389,400	356,700
- Malaysia	58,226	62,180
- Thailand	45,127	45,336
The Company		
Freehold land	236,400	216,200

As at 31 December 2022, had freehold hotel land been carried at historical cost, their aggregate carrying amount would have been approximately $73.1 million (2021: $73.1 million) for the Group and $1.0 million (2021: $1.0 million) for the Company.

Fair values of the Group's freehold and leasehold land and hotel buildings were estimated using inputs which are considered as Level 3 in the fair value hierarchy. Details of valuation techniques and significant unobservable inputs used in the fair value measurement are as follows:

	Valuation Methodology	Significant unobservable inputs (Level 3)	Inputs 2022	Inputs 2021
Freehold land and hotel buildings in Singapore	Direct Comparison Method for land and building	Contract rate per room (1)	$1,110,000 to $1,121,000	$970,000 to $1,001,000
	Income capitalisation for land and building	Occupancy rate (1)	78% to 80%	73% to 80%
		Room rate per day (1)	$125 to $135	$120 to $130
		Capitalisation rate (2)	4.00% to 4.25%	4.00% to 4.25%
	Residual method for land	Depreciated replacement cost per room (1)	$231,000 to $260,000	$210,000 to $255,000
Freehold and leasehold land in Malaysia	Direct Comparison Method for land	Price per square metre - after adjustment for differences such as location and size (1)		
		- Hotel Royal Kuala Lumpur	$12,823 (MYR42,044)	$13,610 (MYR42,044)
		- Hotel Royal Penang	$2,525 (MYR8,278)	$2,680 (MYR8,287)
		- Baba Residences (including Baba Mansion)	$2,263 (MYR7,419)	$2,099 (MYR6,484)
		- Hotel Royal Signature (previously known as Royale Chulan Bukit Bintang Hotel)	$9,755 (MYR31,985)	$10,354 (MYR31,985)
Freehold land in Thailand	Direct Comparison Method for land	Price per square metre - after adjustment for differences such as location, size, configuration and accessibility (1)		
		- Bangkok	$15,073 (Baht386,486)	$15,255 (Baht375,000)
		- Phuket	$3,394 (Baht87,037)	$3,392 (Baht83,550)

13 **PROPERTY, PLANT AND EQUIPMENT (cont'd)**

Fair value measurement of freehold land (cont'd)

(1) Any significant isolated increases (decreases) in these inputs can result in a significantly higher (lower) fair value measurement.

(2) Any significant isolated increases (decreases) in these inputs can result in a significantly lower (higher) fair value measurement.

14 **INVESTMENT PROPERTIES**

	Freehold land and buildings	Leasehold buildings	Total
	$'000	$'000	$'000
The Group			
Cost:			
As at 1 January 2021	130,336	1,456	131,792
Additions *	7,048	-	7,048
Disposals	-	(1,456)	(1,456)
Exchange adjustment	(3,369)	-	(3,369)
As at 31 December 2021	134,015	-	134,015
Additions *	1,362	-	1,362
Exchange adjustment	(8,265)	-	(8,265)
As at 31 December 2022	127,112	-	127,112
Accumulated depreciation:			
As at 1 January 2021	19,743	621	20,364
Charge for the year	1,546	16	1,562
Disposals	-	(637)	(637)
Exchange adjustment	(553)	-	(553)
As at 31 December 2021	20,736	-	20,736
Charge for the year	1,300	-	1,300
Exchange adjustment	(1,415)	-	(1,415)
As at 31 December 2022	20,621	-	20,621
Accumulated impairment:			
As at 1 January 2021	3,723	-	3,723
Reversal of impairment for the year	(96)	-	(96)
Exchange adjustment	(120)	-	(120)
As at 31 December 2021	3,507	-	3,507
Impairment for the year	1,998	-	1,998
Exchange adjustment	(332)	-	(332)
As at 31 December 2022	5,173	-	5,173
Carrying amount:			
As at 31 December 2022	101,318	-	101,318
As at 31 December 2021	109,772	-	109,772

* Mainly arising from freehold buildings in New Zealand.

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. The right-of-use asset relating to leasehold building is presented under investment property.

Certain investment properties of the Group with carrying amounts of $99.2 million (2021: $107.6 million) are pledged as securities for the Group's bank loans (Notes 15 and 19).

14 INVESTMENT PROPERTIES (cont'd)

The property rental income from the Group's investment properties amounted to $6.3 million (2021: $7.6 million). Direct operating expenses (including repairs and maintenance) arising from the rental-generating properties amounted to $6.2 million (2021: $6.3 million).

Investment properties are recorded at cost less accumulated depreciation and any accumulated impairment losses. Fair value increases (decreases) are not recognised for investment properties. The following estimates of fair values of investment properties are provided as information.

Estimated fair values of investment properties

	2022 $'000	2021 $'000
Freehold land and buildings in New Zealand	66,597	74,842
Freehold land and buildings in Malaysia	26,230	27,838
Freehold buildings in Singapore	8,380	7,400
Freehold land and building in Singapore *	35,003	34,132
	136,210	144,212

* The freehold land and building in Singapore is held by the Company.

Fair values of certain investment properties are generally assessed with reference to open market values of comparable properties and making adjustments for differences between the investment properties and the comparable properties. Fair value of other investment properties are assessed based on the estimated future cash flows and discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the assets.

Fair values of the Group's investment properties (disclosed above but not used as a basis of accounting in the statement of financial position) were estimated using inputs which are considered as Level 3 in the fair value hierarchy. The fair values for the properties were estimated after considering the results of various valuation techniques. Details of valuation techniques and significant unobservable inputs used in the fair value measurement were as follows:

	Valuation Methodology	Significant unobservable inputs (Level 3)
Freehold land and buildings in New Zealand	Investments Method	Capitalisation rate on adopted market rental profile (2) Growth rate (1) Rates to discount cash flows to present value (2)
	Direct Comparison Method	Price per square metre of gross floor area (1)
Freehold land and buildings in Malaysia	Direct Comparison Method	Price per square metre of gross floor area (1)
Freehold and leasehold land and buildings in Singapore	Direct Comparison Method	Price per square metre of strata floor area (1)

(1) Any significant isolated increases (decreases) in these inputs can result in a significantly higher (lower) fair value measurement.

(2) Any significant isolated increases (decreases) in these inputs can result in a significantly lower (higher) fair value measurement.

14 INVESTMENT PROPERTIES (cont'd)

The Company	Freehold land and buildings $'000
Cost:	
As at 1 January 2021; 31 December 2021 and 31 December 2022	25,961
Accumulated depreciation:	
As at 1 January 2021	3,471
Charge for the year	352
As at 31 December 2021	3,823
Charge for the year	111
As at 31 December 2022	3,934
Carrying amount:	
As at 31 December 2022	22,027
As at 31 December 2021	22,138

15 BANK LOANS

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Short-term bank loans (secured)	8,297	4,495	-	-
Long-term bank loans (secured)				
- current portion (Note 19)	13,078	25,214	720	720
	21,375	29,709	720	720

Short-term bank loans of the Group bear variable interest ranging from approximately 3.50% to 5.69% (2021: 2.57% to 4.29%) per annum. The above bank facilities are secured on mortgages of subsidiaries' freehold land and buildings, leasehold land, and certain investment properties with aggregate carrying amounts as disclosed in Notes 13 and 14.

Reconciliation of liabilities arising from financing activities

Group	As at 1 January	Financing cash flows (i)	Non-cash changes: Foreign exchange movement	As at 31 December
	$'000	$'000	$'000	$'000
Bank loans and long-term bank loans (Notes 15 and 19)				
2022	196,131	(15,480)	(6,346)	174,305
2021	127,518	73,850	(5,237)	196,131

(i) The cash flows make up the net amount of proceeds from borrowings and repayments of borrowings in the statement of cash flows.

16 OTHER PAYABLES

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Outside parties	4,664	4,538	39	87
Subsidiaries	-	-	14,602	33,014
Deferred grant income	94	80	-	-
Financial guarantee contract liabilities	-	-	2,669	3,517
Total	4,758	4,618	17,310	36,618
Less: Amount payable within 12 months (shown under current liabilities)	(4,723)	(4,591)	(2,708)	(3,604)
Amount payable after 12 months	35	27	14,602	33,014

Other payables comprise mainly amounts outstanding for ongoing operational costs.

Amounts owing to subsidiaries of $14,582,000 (2021: $33,000,000) are unsecured and bear interest ranging from 0.8% to 4.53% (2021: 0.75% to 0.8%) per annum.

17 DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses interest rate swaps to manage its exposure to interest rate movements on its bank borrowings by swapping a proportion of those borrowings from floating rates to fixed rates.

In 2021, the interest rate swaps were settled on a monthly basis and had expired by the end of the reporting period. The floating rate on the interest rate swaps was the SGD Swap Offered Rate which average about 0.51% per annum.

The derivative financial instruments were determined based on level 2 of fair value hierarchy and based on intermediate market rate between the offer rate and the bid rate.

In 2021, fair value gain of $196,000 was recorded in profit or loss.

18 RETIREMENT BENEFIT OBLIGATIONS

The subsidiaries operate unfunded, defined benefit retirement benefit schemes (the "Schemes") in Thailand. Under the Schemes, eligible employee of the subsidiaries are entitled to retirement benefits based on 83% to 100% of their last drawn basic salary for Thailand employees, multiplied by the years of service on attainment of the normal retirement age of 55 years old in Thailand.

18 RETIREMENT BENEFIT OBLIGATIONS (cont'd)

The amounts recognised in the statement of financial position are as follows:

	The Group	
	2022	2021
	$'000	$'000
Present value of unfunded defined benefit obligations	359	291
Payable:		
Within 1 year	55	5
Later than 1 year but not later than 2 years	32	15
Later than 2 years but not later than 5 years	90	84
Later than 5 years	182	187
	359	291

Changes in the present values of the defined benefit obligations since the beginning of year arise from changes in current service costs incurred, less benefits paid. Such changes are recorded in the statement of profit or loss.

Defined benefit obligations for subsidiaries in Thailand have been valued by qualified independent actuaries. The projected unit credit method is used in the valuations.

Principal actuarial assumptions used for the purpose of the actuarial valuations were as follows:

	The Group	
	2022	2021
	%	%
Discount rate	2.9	2.3
Expected rate of salary increases	4.0	4.0

19 LONG-TERM BANK LOANS

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Outside parties	166,008	191,636	71,667	73,124
Less: Amount due for settlement within 12 months (Note 15)	(13,078)	(25,214)	(720)	(720)
Amount due for settlement after 12 months	152,930	166,422	70,947	72,404

During the year, the Group's and the Company's long-term bank loans bear interest ranging from 2.00% to 7.40% and 2.00% to 3.14% (2021: 1.41% to 4.30% and 1.41% to 2.00%) per annum respectively.

The Group's and the Company's long-term bank loans are secured against the land and buildings (Note 13) and investment properties (Note 14).

The bank loans are expected to be repriced on a timely basis depending on the movement in the market lending rates. Management is of the view that the carrying amounts of these bank loans approximate their fair values.

20 DEFERRED TAX LIABILITIES

	The Group		The Company	
	2022	2021 (Restated)	2022	2021
	$'000	$'000	$'000	$'000
Movement in deferred tax balance during the year				
Balance at beginning of year	11,488	11,733	841	787
Charge (Credit) to profit or loss for the year	(341)	168	(34)	73
Over provision in prior year	(176)	(75)	(84)	(19)
Exchange adjustment	(456)	(338)	-	-
Balance at end of year	10,515	11,488	723	841

Components of deferred tax balance	Accelerated tax depreciation	Others	Total
	$'000	$'000	$'000
The Group			
At 1 January 2021 (as reported previously)	14,591	5,788	20,379
Restatement (Note 38)	(8,646)	-	(8,646)
Balance at 1 January 2021 (restated)	5,945	5,788	11,733
Charge (Credit) to profit or loss for the year	168	(75)	93
Exchange adjustment	476	(814)	(338)
At 31 December 2021	6,589	4,899	11,488
At 1 January 2022 (as reported previously)	21,967	4,899	26,866
Restatement (Note 38)	(15,378)	-	(15,378)
Balance at 1 January 2022 (restated)	6,589	4,899	11,488
Credit to profit or loss for the year	(341)	(176)	(517)
Exchange adjustment	-	(456)	(456)
At 31 December 2022	6,248	4,267	10,515

	Accelerated tax depreciation and Others
	$'000
The Company	
At 1 January 2021	787
Charge to profit or loss for the year	54
At 31 December 2021	841
Credit to profit or loss for the year	(118)
At 31 December 2022	723

Subsidiaries have unutilised tax losses and capital allowances carryforward of approximately $47.5 million and $11.8 million (31 December 2021: $43.0 million and $12.7 million) respectively, which are available for offset against future taxable profits of the subsidiaries, subject to the approval by the Malaysian, New Zealand and Thailand tax authorities. As at 31 December 2022 and 31 December 2021, no deferred tax asset is recorded as there is no reasonable assurance of the ability to utilise the tax losses in the foreseeable future.

No deferred tax liability has been recognised in respect of undistributed earnings of foreign subsidiaries which would be subject to withholding tax if transferred out of the country. The Group is in a position to control the timing of the transfer of these retained earnings and do not expect the retained earnings to be remitted such as to attract withholding tax in the foreseeable future.

21 SHARE CAPITAL

	The Group and the Company			
	2022	2021	2022	2021
	Number of ordinary shares ('000)		$'000	$'000
Issued and fully paid:				
At beginning of year	100,800	100,800	150,665	150,665
Issue of new ordinary shares under rights issue	20,160	-	40,171	-
At end of year	120,960	100,800	190,836	150,665

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

During the financial year, the Company issued an aggregate rights issue of 20,160,000 new ordinary shares at an issue price of $2.00 for each rights share on the basis of one rights share for every five existing shares. The rights issue expenses amounted to $0.15 million.

The total number of issued ordinary shares of the Company had increased from 100.8 million ordinary shares to 120.96 million ordinary shares and the net paid-up capital had increased from $150.665 million to $190.836 million.

These rights shares rank *pari passu* in all respects with the then existing shares for any dividends, rights, allotments or other distributions.

22 ASSET REVALUATION RESERVE

The asset revaluation reserve arises from the revaluation of freehold hotel land. On subsequent sale or retirement of a revalued freehold hotel land, the attributable revaluation surplus remaining in the asset revaluation reserve is transferred directly to retained earnings.

23 EMPLOYEE BENEFIT RESERVE

Employee benefit reserve represents the remeasurement gains and losses arising from Retirement Benefit Schemes for the Group's eligible employees.

24 FAIR VALUE RESERVE

The fair value reserve represents the fair value changes of the Group's financial assets designated as at FVTOCI.

25 FOREIGN CURRENCY TRANSLATION RESERVE

Exchange differences relating to the translation from the functional currencies of the Group's foreign subsidiaries into Singapore dollars are brought to account by recognising those exchange differences in other comprehensive income and accumulating them in a separate component of equity under the header of foreign currency translation reserve.

26 REVENUE

The Group derives its revenue from the transfer of goods and services at a point in time in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 *Operating Segments* (see Note 32).

	The Group	
	2022	2021
	$'000	$'000
Hotel operations:		
- Room revenue	28,402	13,705
- Food and beverage revenue	3,726	2,256
- Spa revenue	360	76
- Carpark revenue	272	325
- Rental income	2,071	1,733
- Others	366	226
Properties investments:		
- Rental income	6,289	7,599
Financial investments:		
- Interest income from investments	41	-
- Dividend income from:		
- Quoted equity investments	260	265
- Unquoted equity investments	103	95
	41,890	26,280

Room revenue, food and beverage revenue, spa revenue, and carpark revenue are recorded at a point in time.

As of 31 December 2022 and 31 December 2021, there was no performance obligation that was unsatisfied or partially satisfied, other than performance obligations to be rendered during the remaining period, which generally cover a period of a year.

27 OTHER INCOME

	The Group	
	2022	2021
	$'000	$'000
Write back of allowance for doubtful receivables	265	222
Write back of impairment loss on investment properties	-	96
Write back of impairment loss on property, plant and equipment	2,755	-
Government grants	355	1,022
Other income	390	930
Gain on disposal of investment properties	-	9,920
Bargain purchase gain arising from acquisition of business (Note 37)	-	8,328
	3,765	20,518

28 FINANCE COSTS

	The Group	
	2022	2021
	$'000	$'000
Interest expense on bank loans	5,797	4,163

29 LOSS BEFORE INCOME TAX

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, this item includes the following charges (credits):

	The Group	
	2022	2021
	$'000	$'000
Depreciation expenses		
Depreciation of property, plant and equipment	5,702	6,083
Depreciation of investment properties	1,300	1,562
	7,002	7,645
Staff costs (including directors' remuneration)	11,278	7,999
Cost of defined contribution plans included in staff costs	681	712
Directors' remuneration:		
- Directors of the subsidiaries (key management personnel)	577	545
Proposed directors' fee:		
- Directors of the Company	211	184
- Directors of the subsidiaries (key management personnel)	112	112
Audit fees paid to:		
- Auditors of the Company	229	235
- Other auditors	140	148
Non-audit fees paid to:		
- Auditors of the Company	39	42
- Other auditors	46	58
Impairment loss on property, plant and equipment *	-	7,209
Impairment loss on investment properties *	1,998	-
Allowance for doubtful receivables *	193	154
Bad debt expense	204	-
Net fair value loss on financial assets at FVTPL *	683	11
Net foreign exchange adjustment loss *	1,257	1,474
Fair value gain on derivative financial instruments *	-	(196)

* Included in "other expenses" in the consolidated statement of profit or loss.

30 INCOME TAX EXPENSE

	The Group	
	2022	2021 (Restated)
	$'000	$'000
Current tax	847	699
Withholding tax	363	59
Deferred tax	(341)	168
	869	926
Over provision in prior years:		
- current tax	(188)	(483)
- deferred tax	(176)	(75)
	(364)	(558)
Total income tax expense	505	368

30 INCOME TAX EXPENSE (cont'd)

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 loss before income tax as a result of the following differences:

	The Group	
	2022	2021 (Restated)
	$'000	$'000
Loss before income tax	(2,934)	(3,358)
Income tax credit at 17% rate	(499)	(571)
Difference due to foreign tax rates	(206)	(808)
Non (taxable) deductible items	(616)	2,160
Withholding tax	363	59
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	1,875	107
Over provision in prior years	(364)	(558)
Tax exemption and rebate	(48)	(17)
Other items	-	(4)
Total income tax expense	505	368

31 LOSS PER SHARE

Basic loss per share is calculated on the Group loss after tax of $3.439 million (2021 (Restated): $3.726 million) divided by 102.74 million (2021: 101.05 million), being the weighted average number of shares in issue. Basic loss per share for 2021 was adjusted for the effects of the bonus element of the Rights Issue as disclosed in Note 21. This is in accordance with the requirements of SFRS(I) 1-33 *Earnings Per Share*.

There are no dilutive potential ordinary shares and diluted earnings per share is therefore same as basic loss per share.

32 SEGMENT INFORMATION

Products and services of the Group

The Group is primarily engaged in the following operations:

- Owning and operating hotels and providing ancillary services ("hotel operations").
- Owning and letting out investment properties ("property investments").
- Holding financial investments such as shares, bonds and funds to generate income through interest and dividends, and also for potential capital appreciation ("financial investments").

Definition of operating segments and reportable segments of the Group

For the purpose of reporting to the Group's chief operating decision-maker for resource allocation and assessment of operational performance, the information is organised in the following manner:

- Hotel operations - information is reported on individual hotel basis.
- Property investments - information is reported on individual property basis.
- Financial investments - information is reported on overall performance of the investment portfolio.

32 SEGMENT INFORMATION (cont'd)

Definition of operating segments and reportable segments of the Group (cont'd)

The above forms the basis of determining an operating segment of the Group. For the purpose of reporting segment information externally, the following reportable segments are identified:

- Hotel operations
  - Singapore
  - Malaysia
  - Thailand

- Property investments
  - Singapore
  - New Zealand
  - Malaysia

- Financial investments

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profits represent profits earned by each segment without allocation of the finance costs and income tax expense. All assets are allocated to reportable segments except for fixed deposits and income tax recoverable. Segment liabilities represent operating liabilities attributable to each reportable segment. Bank borrowings, deferred tax liabilities and tax liabilities are not allocated. Information regarding the Group's reportable segments is presented below:

I Revenue

	External		Inter-segment		Total	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Hotel operations						
Singapore	21,617	11,545	-	-	21,617	11,545
Malaysia	5,458	4,514	-	-	5,458	4,514
Thailand	8,122	2,262	-	-	8,122	2,262
	35,197	18,321	-	-	35,197	18,321
Property investments						
Singapore	963	1,017	105	114	1,068	1,131
New Zealand	4,427	5,829	-	-	4,427	5,829
Malaysia	899	753	-	-	899	753
	6,289	7,599	105	114	6,394	7,713
Financial investments	404	360	10,491	704	10,895	1,064
Segments total	41,890	26,280	10,596	818	52,486	27,098

32 SEGMENT INFORMATION (cont'd)

II Net (loss) profit

	Total 2022 $'000	Total 2021 (Restated) $'000
Hotel operations		
Singapore	3,402	(355)
Malaysia	(2,068)	14
Thailand	3,799	(9,692)
	5,133	(10,033)
Property investments		
Singapore	476	9,859
New Zealand	(3,086)	639
Malaysia	456	524
	(2,154)	11,022
Financial investments	(116)	(184)
Segments total	2,863	805
Finance costs	(5,797)	(4,163)
Loss before income tax	(2,934)	(3,358)
Income tax expense	(505)	(368)
Loss after income tax	(3,439)	(3,726)

III Segment assets and liabilities

	Segment assets 2022 $'000	Segment assets 2021 $'000	Segment liabilities 2022 $'000	Segment liabilities 2021 (Restated) $'000
Hotel operations				
Singapore	427,378	438,483	3,603	3,054
Malaysia	144,856	112,113	2,540	2,349
Thailand	87,028	84,464	1,748	1,466
	659,262	635,060	7,891	6,869
Property investments				
Singapore	24,409	25,766	118	866
New Zealand	69,606	78,502	1,161	1,504
Malaysia	9,883	10,664	-	-
	103,898	114,932	1,279	2,370
Financial investments	29,252	31,801	21	25
Segments total	792,412	781,793	9,191	9,264
Unallocated items	33,913	12,353	186,015	208,334
Consolidated total	826,325	794,146	195,206	217,598

32 SEGMENT INFORMATION (cont'd)

IV Other segment information

Other segment information includes the following charges (credits):

	Hotel operations				Property investments				
	Singapore	Malaysia	Thailand	Subtotal	Singapore	New Zealand	Malaysia	Subtotal	Consolidated total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2022									
Additions to non-current assets	585	8,087	188	8,860	-	1,362	-	1,362	10,222
Depreciation	2,891	2,065	746	5,702	152	979	169	1,300	7,002
Bad debts	5	-	-	5	-	199	-	199	204
Allowance for doubtful receivables	-	-	-	-	-	193	-	193	193
Write back of allowance for doubtful receivables	(136)	-	(61)	(197)	(12)	(56)	-	(68)	(265)
Write back of impairment loss on property, plant and equipment	-	(103)	(2,652)	(2,755)	-	-	-	-	(2,755)
Impairment loss on investment properties	-	-	-	-	-	1,998	-	1,998	1,998
2021									
Additions to non-current assets	794	66,449	6	67,249	-	7,048	-	7,048	74,297
Depreciation	2,869	1,969	1,245	6,083	408	979	175	1,562	7,645
Allowance for doubtful receivables	131	-	-	131	23	-	-	23	154
Write back of allowance for doubtful receivables	(30)	(2)	(11)	(43)	-	(179)	-	(179)	(222)
Impairment loss on property, plant and equipment	-	671	6,538	7,209	-	-	-	-	7,209
Gain on disposal of investment properties	-	-	-	-	(9,920)	-	-	(9,920)	(9,920)
Write back of impairment loss on investment properties	-	-	-	-	-	(96)	-	(96)	(96)

32 SEGMENT INFORMATION (cont'd)

V Geographical information

Information about the Group's revenue and non-current assets by geographical location are described below:

	Revenue from external customers		Non-current assets	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Singapore	22,984	12,922	463,503	433,167
Malaysia	6,357	5,268	150,111	153,155
New Zealand	4,427	5,828	67,934	75,240
Thailand	8,122	2,262	83,248	82,864
	41,890	26,280	764,796	744,426

33 OPERATING LEASE ARRANGEMENTS

The Group and Company as lessor

Operating leases, in which the Group is the lessor, relate to investment properties and hotel buildings owned by the Group with lease terms of between 1 to 8 years. The lessee does not have an option to purchase the property at the expiry of the lease period. The unguaranteed residual values do not represent a significant risk for the Group.

Maturity analysis of operating lease receivables:

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Year 1	7,181	7,029	1,572	1,472
Year 2	5,489	4,919	1,050	811
Year 3	3,831	3,724	40	513
Year 4	2,718	2,709	-	-
Year 5	1,969	1,766	-	-
Year 6 and onwards	6,011	5,441	-	-
	27,199	25,588	2,662	2,796

34 CONTINGENT LIABILITIES

Guarantees given

The Company is a guarantor for banking facilities totaling $169.2 million (2021: $179.0 million) obtained by subsidiaries. The fair values of the financial guarantee at the end of reporting period is approximately $2.7 million (2021: $3.5 million). The maximum amount that the Company could be obliged to settle in the event that the guarantees are called upon is $94.1 million (2021: $107.7 million) based on facilities used by the subsidiaries at the end of the year.

35 CAPITAL EXPENDITURE COMMITMENTS

	The Group		The Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Estimated amounts committed for future capital expenditure but not provided for in the financial statements	5,370	5,720	-	-

36 DIVIDENDS

In 2021, the Company declared and paid a first and final tax-exempt dividend of $0.025 per ordinary share of the Company totaling $2.52 million in respect of the financial year ended 31 December 2020.

In 2022, the Company declared and paid a first and final tax-exempt dividend of $0.025 per ordinary share of the Company totaling $2.52 million in respect of the financial year ended 31 December 2021.

Subsequent to 31 December 2022, the directors of the Company recommended that a first and final tax-exempt dividend be paid at $0.025 per ordinary share totaling $3.02 million for the financial year just ended on the ordinary shares of the Company. The dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

37 ACQUISITION OF BUSINESS IN 2021

On 15 March 2019, the Group's wholly owned subsidiary, Every Room A Home Sdn Bhd., entered into a Sale and Purchase Agreement ("Agreement") to acquire The Royale Chulan Bukit Bintang Hotel and its business from a third party, for a cash consideration of approximately $65.0 million (RM197.0 million).

The acquisition was an opportunity for the Group to expand its hotel operations in the region. In addition, Royale Chulan Bukit Bintang Hotel, located in one of the prime tourist and hotel belts of Kuala Lumpur city centre, offers potential capital appreciation in future.

A supplemental agreement was signed on 29 December 2020 whereby the vendor reduced the purchase price by 10% (from RM197.0 million to RM177.3 million) and contributed RM3.0 million to repair mechanical and electrical equipment of the Hotel. This was to account for the COVID-19 situation in Malaysia. The acquisition was completed in February 2021.

Details of the consideration paid, assets acquired, liabilities assumed and the effects on the cash flow of the Group, at the acquisition date, were as follows:

(a) Purchase consideration

	2021
	$'000
Cash consideration paid for the acquisition, excluding expenses	56,484

Acquisition-related expenses amounting to $3.986 million were included in "other expenses" in the statement of profit or loss.

37 ACQUISITION OF BUSINESS IN 2021 (cont'd)

(b) The net identifiable assets acquired in the transactions were as follows:

	2021
	$'000
Freehold land	33,054
Building	31,758
Total consideration	64,812
Bargain purchase arising from acquisition of business	(8,328)
Total consideration, satisfied by cash, representing net cash outflow on acquisition	56,484

Management was of the view that after assessment, the gain represented a bargain purchase on acquisition, which was primarily due to the fact that the price was negotiated with the seller during the current COVID-19's economic downturn in Malaysia.

Management had ceased the hotel operations on 22 February 2021, in considering the current COVID-19 situation and to also allow the hotel to embark on an extensive upgrading program.

(c) Impact on acquisition on the results of the Group

The acquired business did not contribute to the Group's revenue and incurred a net loss before income tax of $0.58 million to the Group for the period between the date of acquisition in February 2021 and the end of the reporting period in 2021.

38 RESTATEMENT OF COMPARATIVE INFORMATION

In the 2010 Budget, the New Zealand Government introduced legislation to remove tax depreciation on commercial, industrial and residential buildings. In March 2020, the New Zealand Government announced a package of measures to support businesses through the impact of COVID-19. One of the measures introduced was the reintroduction of tax depreciation on commercial and industrial buildings. The changes enacted in the COVID-19 Response reintroduce tax depreciation on non-residential buildings with effect from the 2021 income year. As such, the reinstatement of the tax base is applicable to 31 December 2020 financial year. As a result, certain line items have been adjusted in the statement of financial position, statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and the related notes to the financial statements.

The items were adjusted as follows:

Restated statement of financial position as at 31 December 2021 and 1 January 2021:

	The Group 31 December 2021			The Group 1 January 2021		
	Reported	Adjustments	Restated	Reported	Adjustments	Restated
	$'000	$'000	$'000	$'000	$'000	$'000
LIABILITIES AND EQUITY						
Non-current liabilities						
Deferred tax liabilities	26,866	(15,378)	11,488	20,379	(8,646)	11,733
Total non-current liabilities	193,606	(15,378)	178,228	141,104	(8,646)	132,458
Capital and reserves						
Translation reserve	(2,232)	42	(2,190)	4,341	518	4,859
Retained earnings	57,050	15,336	72,386	69,350	8,128	77,478
Total equity	561,170	15,378	576,548	623,818	8,646	632,464
Total liabilities and equity	794,146	-	794,146	782,811	-	782,811

38 RESTATEMENT OF COMPARATIVE INFORMATION (cont'd)

Restated consolidated statement of profit or loss for the year ended 31 December 2021:

	The Group		
	31 December 2021		
	Reported	**Adjustments**	**Restated**
	$'000	**$'000**	**$'000**
Income tax expense	(7,576)	7,208	(368)
Loss for the financial year, attributable to the owners of the Company	(10,934)	7,208	(3,726)

Restated statement of profit or loss and other comprehensive income for the year ended 31 December 2021:

	The Group		
	31 December 2021		
	Reported	**Adjustments**	**Restated**
	$'000	**$'000**	**$'000**
Loss for the year	(10,934)	7,208	(3,726)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations	(6,573)	(476)	(7,049)
Other comprehensive income (loss) for the year, net of tax	(49,194)	(476)	(49,670)
Total comprehensive income (loss) for the year attributable to owners of the Company	(60,128)	6,732	(53,396)

Statistics of Shareholdings

As at 20 March 2023

Issued and Fully Paid-Up Capital	:	S$190,836,173
No. of Shares Issued	:	120,960,000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One Vote Per Share
No. of Treasury Shares and Subsidiary Holdings	:	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Holders	No. of Shares	% of Shares
1 - 99	62	4.75	393	0.00
100 - 1,000	228	17.47	105,914	0.09
1,001 - 10,000	660	50.58	2,994,163	2.47
10,001 - 1,000,000	343	26.28	22,968,139	18.99
1,000,001 & ABOVE	12	0.92	94,891,391	78.45
TOTAL	**1,305**	**100.00**	**120,960,000**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	% of Shares
1.	Aik Siew Tong Limited	29,211,840	24.15
2.	Great Eastern Life Assurance Co Ltd - Participating Fund	13,402,096	11.08
3,	Melodies Limited	11,491,200	9.50
4.	Hock Tart Pte Ltd	10,979,680	9.08
5.	Singapore-Johore Express Pte Ltd	10,628,582	8.79
6.	Asia Building Berhad	8,250,480	6.82
7.	Citibank Nominees Singapore Pte Ltd	3,071,738	2.54
8.	GTK Holding Pte Ltd	2,032,000	1.68
9.	Chan Tai Moy	1,984,200	1.64
10.	DBS Nominees Pte Ltd	1,386,441	1.15
11.	Chip Keng Holding Berhad	1,386,000	1.14
12.	The Great Eastern Trust Private Limited	1,067,134	0.88
13.	Wee Aik Koon Pte Ltd	991,500	0.82
14.	Morph Investments Ltd	914,400	0.76
15.	OCBC Securities Private Ltd	795,311	0.66
16.	Season Holdings Pte Ltd	720,960	0.60
17.	Tan Cheh Tian (Chen Jingzhen)	700,000	0.58
18.	Ng Poh Cheng	684,200	0.56
19.	Tan Hock Teng	562,200	0.46
20.	Phillip Securities Pte Ltd	545,088	0.45
	TOTAL	**100,805,050**	**83.34**

Substantial Shareholders as at 20 March 2023 as shown in the Company's Register of Substantial Shareholders:-

	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Substantial Shareholders				
Lee Chou Hor George [(1)]	42,000	0.03	12,993,680	10.74
Lee Chou Tart [(2)]	-	-	12,979,680	10.73
Aik Siew Tong Limited [(3)]	29,211,840	24.15	22,119,782	18.29
Hock Tart Pte Ltd [(4)]	10,979,680	9.08	31,211,840	25.80
The Great Eastern Life Assurance Co Ltd [(5)]	13,406,934	11.08	-	-
Great Eastern Holdings Limited [(6)]	-	-	14,478,906	11.97
Oversea-Chinese Banking Corporation Limited [(7)]	-	-	14,478,906	11.97
Asia Building Bhd [(8)]	8,250,480	6.82	1,386,000	1.15
Melodies Limited [(3)]	11,491,200	9.50	-	-
Other Shareholders				
The Singapore-Johore Express (Private) Limited [(3)]	10,628,582	8.79	-	-
Chip Keng Holding Bhd [(8)]	1,386,000	1.14	-	-

Notes:

(1) Lee Chou Hor George owns 24.84% of the share capital of Hock Tart Pte Ltd ("Hock Tart"). He is deemed interested in the shares held by Hock Tart. Additionally, Lee Chou Hor George is also deemed interested in the 14,000 shares held by his spouse.

(2) Lee Chou Tart owns 24.84% of the share capital of Hock Tart. He is deemed interested in the shares held by Hock Tart.

(3) Aik Siew Tong Limited ("AST") holds 83.4% and 69.1% of the share capital of Melodies Limited ("Melodies") and The Singapore-Johore Express (Private) Limited ("S-J Express") respectively and is deemed to be interested in the 11,491,200 shares and 10,628,582 shares held by Melodies and S-J Express respectively.

(4) Hock Tart Pte Ltd holds 31.7% of the share capital of AST and is therefore deemed interested in the shares held by AST. Hock Tart is also deemed to have an interest of 2,000,000 shares held by its nominee, Oversea-Chinese Bank Nominees Pte Ltd.

(5) The Great Eastern Life Assurance Co Ltd is the wholly owned subsidiary of Great Eastern Holdings Limited. Great Eastern Holdings Limited is therefore deemed interested in the 13,406,934 shares (of which 4,838 shares are registered in the name of DBS Nominees (Private) Limited).

(6) Great Eastern Holdings Limited is deemed interested in the 14,478,906 shares which made up of 13,406,934 shares as aforementioned; 1,067,134 shares registered in the name of its subsidiary, The Great Eastern Trust Private Limited; and 4,838 shares registered in the name of DBS Nominees (Private) Limited (for the beneficial interest of The Great Eastern Trust Private Limited).

(7) Oversea-Chinese Banking Corporation Limited is deemed to be interested in the shares held by Great Eastern Holdings Ltd.

(8) Chip Keng Holding Bhd is the wholly owned subsidiary of Asia Building Bhd. Asia Building Bhd is deemed interested in the 1,386,000 shares held by Chip Keng Holding Bhd.

PERCENTAGE OF SHAREHOLDING HLED IN THE HANDS OF PUBLIC

Based on information available to the Company on 20 March 2023, approximately 23.73% of the Company's issued ordinary shares were held by the public and accordingly, Rule 723 of the Listing Manual of the SGX-ST has been complied with.

Notice Of Annual General Meeting

Notice is hereby given that the 54th Annual General Meeting ("**AGM**") of Hotel Royal Limited will be convened and held at the Hotel Royal @ Newton, Level 3, Royal Room 1, 36 Newton Road, Singapore 307964 on Friday, 28 April 2023 at 2.30 p.m. for the following business:-

As Ordinary Business

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

2. To declare a First and Final Dividend of 2.5 cents per ordinary share one-tier tax exempt for the financial year ended 31 December 2022. (FY 2021: 2.5 cents per ordinary share) **(Resolution 2)**

3. To approve the payment of Directors' fees of $211,000 for the financial year ended 31 December 2022. (FY 2021: $184,400) **(Resolution 3)**

4. To re-elect Dr Tan Kim Song who is retiring pursuant to Article 117 of the Company's Constitution, and who, being eligible, offers himself for re-election, as Director of the Company. **(Resolution 4)**
   [See Explanatory Note (i)]

5. To re-elect Dr Lee Chu Muk who is retiring pursuant to Article 117 of the Company's Constitution, and who, being eligible, offers himself for re-election, as Director of the Company. **(Resolution 5)**
   [See Explanatory Note (ii)]

6. To re-appoint Messrs Deloitte & Touche LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

7. To transact any other ordinary business of an Annual General Meeting of which due notice shall have been given.

By Order of the Board

Sin Chee Mei
Company Secretary

Singapore,
12 April 2023

EXPLANATORY NOTES:

(i) Dr Tan Kim Song will, upon re-election as a Director of the Company, remain as a Non-Executive and Independent Director of the Company as well as Chairman of the Audit and Risk Committee and a member of the Nominating Committee and Remuneration Committee. He is considered independent for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST. Detailed information on Dr Tan Kim Song can be found under the "Board of Directors", "Corporate Governance Report" and "Disclosure of information on Directors seeking re-election" sections in the Company's Annual Report.

(ii) Dr Lee Chu Muk will, upon re-election as a Director of the Company, remain as a Non-Executive and Non-Independent Director of the Company. Detailed information on Dr Lee Chu Muk can be found under the "Board of Directors", "Corporate Governance Report" and "Disclosure of information on Directors seeking re-election" sections in the Company's Annual Report.

NOTES:

1. The members of the Company are invited to attend physically at the Annual General Meeting (the "**Meeting**" or "**AGM**"). There will be no option for shareholders to participate virtually.

   Printed copies of this Notice of AGM and the accompanying Annual Report and Proxy Form will not be dispatched to members of the Company. Instead, these documents will be made available to members of the Company by electronic means via publication on the Company's corporate website at http://hotelroyal.listedcompany.com/home.html and on the SGXNet at https://www.sgx.com/securities/company-announcements.

2. Members may participate in the AGM by:

   (a) attending the AGM in person;
   (b) submitting questions in advance of, or at, the AGM; and/or
   (c) voting at the AGM themselves personally or through their duly appointed proxy(ies).

   Persons who hold shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act, 1967 of Singapore) including CPF and SRS Investors and who wish to participate in the AGM should contact their respective relevant intermediaries (including CPF Agent Banks and SRS Operators) through which they hold such shares as soon as possible in order for the necessary arrangements to be made for their participation in the AGM.

   In the event members encountered COVID-19 like symptoms prior to the AGM, members are strongly encouraged to exercise social responsibility to rest at home and consider appoint a proxy(ies) to attend the Meeting. We encourage members to mask up when attending the AGM.

3. A member (other than a Relevant Intermediary) is entitled to appoint not more than two (2) proxies to attend and vote at the AGM. Where such member appoints more than one (1) proxy, the proportion of the shareholding concerned to the represented by each proxy shall be specified in the form of the proxy.

4. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend and vote in his/her stead at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, 1967:

   (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 license 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 Board ("**CPF Board**") established by the Central Provident Fund Act 1953 of Singapore, 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 CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

5. A proxy need not be a member of the Company.

6. A member of the Company which is a corporation is entitled to appoint its authorized representatives or proxies to vote on his behalf.

7. A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory.

   If a member wishes to appoint the Chairman of the Meeting as proxy, such member must give specific instructions as to voting for, voting against, or abstentions from voting on, each resolution in the instrument appointing the Chairman of the Meeting as proxy. If no specific direction as to voting or abstentions from voting in respect of a resolution in the form of proxy, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

8. The instrument appointing a proxy duly executed must be submitted through any one of the following means by 2:30 p.m. on 25 April 2023, being no later than seventy-two (72) hours before the time for appointed for holding the AGM (or any adjournment thereof) and in default the instrument of proxy shall not be treated as valid:

   (i) By depositing a physical copy at the registered office of the Company at Hotel Royal Limited, 36 Newton Road, Singapore 307964; or
   (ii) By sending a scanned PDF copy by email to main@zicoholdings.com

9. For investors who holds shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act), including CPF and SRS Investors:

   (a) may vote at the AGM if they are appointed as proxies by their respective relevant intermediaries, and should contact their respective relevant intermediaries if they have any queries regarding their appointment as proxies; or
   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM,

   in which case they should approach their relevant intermediaries to submit their votes at least seven (7) working days prior to the date of the AGM.

10. A member may ask question relating to the item on the agenda of the AGM at the AGM or submitting question via mail to the Company's registered office at 36 Newton Road, Singapore 307964, or email to ir@hotelroyal.com.sg in advance of the AGM no later than 2:30 p.m. on 20 April 2023 (the "**Cut-off Time**").

    Members who wish to submit their questions are required to indicate their full names (for individuals)/company names (for corporations), NRIC/passport number/company registration numbers, contact numbers, shareholding types and number of shares held together with their submission of questions.

    CPF and SRS Investors should contact their respective CPF Agent Banks or SRS Operators through which they hold such shares to submit their questions related to the resolutions to be tabled for approval at the AGM based on the abovementioned instructions.

    The Company will public the responses to substantial and relevant questions on SGX website at https://www.sgx.com/securities/company-announcements and the Company's website at http://hotelroyal.listedcompany.com/home.html by 2.30 p.m. on 23 April 2023.

    The Company endeavors to address (i) subsequent clarifications sought, (ii) follow-up questions, or (iii) subsequent substantial and relevant questions which are received after the Cut-off Time at the AGM itself. Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.

    The minutes of the AGM will be published on the SGXNet and the Company's website within one (1) month after the date of the AGM.

IMPORTANT NOTICE

Due to the evolving COVID-19 situation in Singapore, the Company may change the AGM arrangements at short notice. The Company will announce any changes to the holding or conduct of the AGM via the SGXNet. Members are advised to check the SGXNet regularly for updates on the AGM.

PERSONAL DATA PRIVACY

By (a) submitting an instrument appointing the Chairman of the Meeting, proxy(ies) and/or representatives to attend, speak and vote at the AGM and/or any adjournment thereof, or (b) submitting any question prior to the AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof), addressing relevant and substantial questions from members received before and/or during the AGM and if necessary, following up with the relevant members in relation to such questions and enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities (collectively, the "**Purposes**"); (ii) warrants that where the member discloses the personal date of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a results of the member's breach of warranty. Photographic, sound, and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of the member of the Company or the member's proxy(ies) or representative(s) (such as his/her name, his/her presence at the AGM and any questions he/she may raise or motions he/she propose/second) may be recorded by the Company for such Purposes.

Disclosure Of Information On Directors Seeking Re-Election

Dr Tan Kim Song and Dr Lee Chu Muk are the Directors seeking re-election at the forthcoming Annual General Meeting of the Company to be convened on 28 April 2023 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

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

	DR TAN KIM SONG	**DR LEE CHU MUK**
Date of Appointment	2 March 2015	27 April 2019
Date of last re-appointment	27 June 2020	27 June 2020
Age	62	43
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the contribution, expertise, experience, diversity of skillsets, independent and commitment in the discharge of duties of Dr Tan Kim Song as Non-Independent Non-Executive Director of the Company and concluded that Dr Tan Kim Song possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and is suitable for re-election as the Independent Director of the Company.	The Board of Directors of the Company has considered, among others, the recommendation of the Nominating Committee ("**NC**") and has reviewed and considered the contribution, expertise, experience, diversity of skillsets and commitment in the discharge of duties of Dr Lee Chu Muk as Non-Executive Director of the Company and concluded that Dr Lee Chu Muk possess the experience, expertise, knowledge and skills to contribute towards the core competencies of the Board and is suitable for re-election as the Non-Executive Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g.) Lead ID, AC Chairman, AC Member etc.)	Independent Non-Executive Director, Chairperson of the Audit and Risk Committee and a member of Remuneration Committee and Nominating Committee	Non-Executive and Non-Independent Director
Professional qualifications	Bachelor of Arts (First Class Honours) in Economics from Adelaide University PhD from Yale University	Bachelor of Medicine and Bachelor of Surgery (M.B.B.S) from National University of Singapore

Disclosure Of Information On Directors Seeking Re-Election

	DR TAN KIM SONG	DR LEE CHU MUK
Working experience and occupation(s) during the past 10 years	2003 to Present A faculty member in the School of Economics in Singapore Management University Associate Professor of Singapore Management University	2013 to Present General Practitioner in M Medical Clinic
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	Nephew of Mr Lee Khin Tien and Mr Lee Kin Hong (Non-Executive Directors). Cousin of Mr Lee Chou Hock (Chief Executive Officer), Mr Lee Chou Hor George (Non-Executive Director and Substantial Shareholder) and Mr Lee Chou Tart (Substantial Shareholder).
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships		
Past (for the last 5 years)	Nil	Nil
Present	Associate Professor of Singapore Management University	General Practitioner in M Medical Clinic Present Directorship: 1) Director - Hong Ching Private Limited 2) Alternate Director – The Singapore-Johore Express (Private) Limited, Aik Siew Tong Limited and Melodies Limited

Disclosure Of Information On Directors Seeking Re-Election

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

		DR TAN KIM SONG	DR LEE CHU MUK
a)	Whether at any time during the last 10 years, an application or petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or any time within 2 years from the date he ceased to be a partner?	No	No
b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or whether that entity is the trustee of a business trust, that business trust, on the group of insolvency?	No	No
c)	Whether there is any unsatisfied judgement against him?	No	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud of dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No

Disclosure Of Information On Directors Seeking Re-Election

		DR TAN KIM SONG	DR LEE CHU MUK
f)	Whether at any time during the last 10 years, judgement has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law of regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation of dishonesty on his part?	No	No
g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No

Disclosure Of Information On Directors Seeking Re-Election

		DR TAN KIM SONG	DR LEE CHU MUK
	iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

HOTEL ROYAL LIMITED
(Co. Reg. No. 196800298G)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING

PROXY FORM

IMPORTANT
1. The Annual General Meeting ("AGM") will be held physically at Hotel Royal @ Newton, Level 3, Royal Room 1, 36 Newton Road, Singapore 307964. Members have no option to participate virtually.
2. A relevant intermediary may appoint more than two proxies to attend the Annual General Meeting and vote (please see note 2 for the definition of "relevant intermediary").
3. For investors holding shares through a Relevant Intermediary (including CPF and SRS investors), this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. The investors should contact their respective relevant intermediary, Agent Banks or SRS Operators if they have any queries regarding their appointment as proxies.

I/We,____________________________________ (Name), *NRIC/Passport No./Registration No. ________________________

of ____ (Address)

being a *member/members of HOTEL ROYAL LIMITED (the "Company") hereby appoint:

Name	***NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**(%)**
Address			

and/or (delete as appropriate)

Name	***NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**(%)**
Address			

or failing him/her, the Chairman of the Meeting, as *my/our proxy/proxies to vote for *me/us on *my/our behalf, at the 54th Annual General Meeting ("**AGM**") of the Company, to be held physically at the Hotel Royal @ Newton, Level 3, Royal Room 1, 36 Newton Road, Singapore 307964 on Friday, 28 April 2023 at 2.30 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for, against or abstain the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid at the AGM and at any adjournment thereof.

No.	**Resolutions**	**For**	**Against**	**Abstain**
1.	Adoption of Directors' Statement, Audited Financial Statements and Auditors' Report for the financial year ended 31 December 2022			
2.	Declaration of First and Final Dividend			
3.	Approval of payment of Directors' Fees			
4.	Re-election of Dr Tan Kim Song as Director			
5.	Re-election of Dr Lee Chu Muk as Director			
6.	Re-appointment of Messrs Deloitte & Touche LLP as the Auditors and authorise the Directors to fix their remuneration			

*Delete where inapplicable

NOTES: All resolutions put to vote at the AGM shall be decided by way of poll. If you wish to exercise all your votes "For" or "Against" or "Abstain" the relevant resolution, please tick (√) within the box provided. Alternatively, please indicate the number of votes as appropriate. If you mark the abstain box for a particular resolution, you are directing your proxy, not to vote on that resolution on a poll and your votes will not be counted in computing the required majority on a poll.

Dated this _______ day of ________________________ 2023

Total Number of Shares in:	**No. of shares**
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s)/
and, Common Seal of Corporate Member

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

1. A member of the Company (other than a Relevant Intermediary) is entitled to appoint not more than two proxies to attend and vote in his stead. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

2. A member of the Company who is a Relevant Intermediary entitled to attend and vote at the Annual General Meeting of the Company is entitled to appoint more than two (2) proxies to attend and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member appoints more than two (2) proxies, the number and class of shares to be represented by each proxy must be stated.

   "**Relevant Intermediary**" means:

   (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 license 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 Board ("CPF Board") established by the Central Provident Fund Act 1953 of Singapore, 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 CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

3. A proxy need not be a member of the Company.

4. A member can appoint the Chairman of the Meeting as his/her/its proxy but this is not mandatory.

   In appointing the Chairman of the Meeting 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 for that resolution will be treated as invalid.

5. Where a member appoints more than one proxy, he/she shall specify the proportion of his/her shareholdings (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion or number is specified, the first named proxy may be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named.

6. A member should insert the total number of shares held. If the member has shares entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act), he/she should insert that number of shares. If the member has shares registered in his/her name in the Register of Members of the Company, he/she should insert that number of shares. If the member has shares entered against his/her name in the Depository Register and registered in his name in the Register of Members, he/she should insert the aggregate number of shares. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all shares held by the member.

7. The instrument appointing a proxy duly executed must be submitted through any one of the following means by 2:30 p.m. on 25 April 2023, being no later than seventy-two (72) hours before the time for appointed for holding the AGM (or any adjournment thereof) and in default the instrument of proxy shall not be treated as valid:

   (i) By depositing a physical copy at the registered office of the Company at Hotel Royal Limited, 36 Newton Road, Singapore 307964; or

   (ii) By sending a scanned PDF copy by email to main@zicoholdings.com

   Members are strongly encouraged to submit completed proxy forms electronically via email.

8. For investors who holds shares of the Company through relevant intermediaries (as defined in Section 181 of the Companies Act), including CPF and SRS Investors:

   (a) may vote at the AGM if they are appointed as proxies by their respective relevant intermediaries, and should contact their respective relevant intermediaries if they have any queries regarding their appointment as proxies; or

   (b) may appoint the Chairman of the Meeting as proxy to vote on their behalf at the AGM,

   in which case they should approach their relevant intermediaries to submit their votes at least seven (7) working days prior to the date of the AGM.

9. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its Seal or under the hand of its attorney or a duly authorised officer. The dispensation of the use of common seal pursuant to the Companies Act 1967 of Singapore effective from 30 March 2017 is applicable at this AGM.

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

11. A corporation which is a member may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at the Annual General Meeting.

12. The Company shall be entitled to reject the instrument appointing a proxy or proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointer specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company shall be entitled to reject any instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his/her name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 12 April 2023.

Corporate Information

BOARD OF DIRECTORS

Mr Yang Wen-Wei
Independent Non-Executive Chairman

Dr Tan Kim Song
Independent Non-Executive Director

Mr Lee Khin Tien
Non-Executive Director

Mr Lee Kin Hong
Non-Executive Director

Dr Lee Chu Muk
Non-Executive Director

Mr Lee Chou Hor George
Non-Executive Director

AUDIT AND RISK COMMITTEE

Dr Tan Kim Song (Chairman)
Mr Yang Wen-Wei
Mr Lee Khin Tien

REMUNERATION COMMITTEE

Mr Yang Wen-Wei (Chairman)
Dr Tan Kim Song
Mr Lee Khin Tien

NOMINATING COMMITTEE

Mr Yang Wen-Wei (Chairman)
Dr Tan Kim Song
Mr Lee Khin Tien

COMPANY SECRETARY

Ms Sin Chee Mei
Mrs Lee Siew Choo

SHARE REGISTRAR

B.A.C.S. Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896
Tel: (65) 6593 4848
Email: main@zicoholdings.com

REGISTERED OFFICE

36 Newton Road
Singapore 307964
Tel: (65) 6426 0168
Fax: (65) 6256 2710
Email: royal@hotelroyal.com.sg

AUDITORS

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants Singapore
6 Shenton Way
OUE Downtown 2, #33-00
Singapore 068809
Tel: (65) 6224 8288
Fax: (65) 6538 6166

AUDIT PARTNER-IN-CHARGE

Mr Andy Hoe Chi-Hsien
Appointed in 2020

PRINCIPAL BANKERS

Oversea-Chinese Banking
Corporation Limited
DBS Bank Limited
Bank of New Zealand Limited
RHB Bank Berhad

INVESTOR RELATIONS

Mr Lee Chou Hock
Email: chlee@hotelroyal.com.sg


MALAYSIA
PHUKET ISLAND
THAILAND
BANGKOK
THAILAND
Melaka
WELCOME TO
SINGAPORE
WELCOME TO
京华
Hotel Royal
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36 Newton Road Singapore 307964
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Email : royal@hotelroyal.com.sg
ir@hotelroyal.com.sg
Company Reg. No. 196800298G
SINGAPORE