

FAR EAST ORCHARD LIMITED

Annual Report 2023

# Shaping Growth



Far East  
Orchard  
LIMITED

# Shaping Growth

The global landscape has transitioned into a new paradigm. Far East Orchard is strategically poised to shape its growth strategies while adeptly adjusting to the evolving environment. The positive trends in the hospitality and purpose-built student accommodation sectors offer renewed momentum for the Group to propel advancements in this new era of growth.



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## OUR VISION

Far East Orchard is an enduring Singapore Real Estate Enterprise that strives to deliver steadfast growth for all stakeholders and the community.

## OUR MISSION

Far East Orchard is a real estate company with a lodging platform that aims to achieve sustainable and recurring income through a diversified and balanced portfolio.

## CORPORATE PROFILE

Far East Orchard Limited (“**Far East Orchard**”) is a real estate company with a lodging platform that aims to achieve sustainable and recurring income through a diversified and balanced portfolio. Established since 1967, Far East Orchard has a track record in real estate development, investment and management across residential, commercial, hospitality and PBSA properties in Australia, Japan, Malaysia, Singapore, and the UK.

Listed on the Mainboard of the Singapore Exchange, Far East Orchard is also a member of Far East Organization, Singapore’s largest private property developer.

Redefining itself through a strategic business transformation in 2012, Far East Orchard expanded into hospitality management business and invested in healthcare real estate. In 2015, it further diversified its real estate portfolio to include PBSA properties development and investment in the UK.

In 2023, Far East Orchard celebrated its 10-year partnerships in the hospitality business with The Straits Trading Company Limited and Toga Group, Australia. Far East Orchard’s hospitality arm, Far East Hospitality, together with the joint venture, TFE hotels, now owns over 10 assets and manages close to 100 properties with more than 16,600 rooms in Australia, Austria, Denmark, Germany, Hungary, Japan, Malaysia, New Zealand, Singapore, and Switzerland, featuring 10 distinct brands.

Far East Orchard’s PBSA portfolio includes 3,687 beds across key cities in the UK. In 2022, Far East Orchard entered into a joint venture development in Bristol for the development of a 706-bed PBSA asset. With the joint venture development in Bristol and announced site development in Glasgow, totalling 979 beds, the Group’s total PBSA portfolio will grow to approximately 4,700 beds across 15 properties in the UK upon completion of the developments.

Additionally, the Group holds a portfolio of purpose-built medical suites for lease and sale in Novena, Singapore’s premier medical hub.

## GLOSSARY OF KEY ABBREVIATIONS

For ease of reading, this glossary provides definitions of abbreviations frequently used in this report.

<b>ACRA</b>	Accounting and Corporate Regulatory Authority
<b>AGM</b>	Annual General Meeting
<b>ARC</b>	Audit & Risk Committee
<b>AUD</b>	Australian Dollar
<b>BCPs</b>	Business Continuity Plans
<b>CFO</b>	Chief Financial Officer
<b>CG Policy Manual</b>	Corporate Governance Policy Manual
<b>EPS</b>	Earnings Per Share
<b>ESG</b>	Environmental, Social and Governance
<b>ERM</b>	Enterprise Risk Management
<b>FEHH</b>	Far East Hospitality Holdings Pte. Ltd.
<b>FEOHAM</b>	FEO Hospitality Asset Management Pte. Ltd.
<b>FEOR</b>	Far East Orchard Limited
<b>FY2022</b>	Financial year ended 31 December 2022
<b>FY2023</b>	Financial year ended 31 December 2023
<b>GBP or £</b>	Sterling Pound
<b>Group CEO</b>	Group Chief Executive Officer
<b>IDs</b>	Independent Directors
<b>IPT</b>	Interested Person Transaction
<b>IR</b>	Investor Relations
<b>IT</b>	Information Technology
<b>JV</b>	Joint Venture
<b>MRSC</b>	Management Risk & Sustainability Committee
<b>NC</b>	Nominating Committee
<b>PBSA</b>	Purpose-built Student Accommodation
<b>RC</b>	Remuneration Committee
<b>SGD or S\$</b>	Singapore Dollar
<b>SGX-ST</b>	Singapore Exchange Securities Trading Limited
<b>SIAS</b>	Securities Investors Association Singapore
<b>SID</b>	Singapore Institute of Directors
<b>STB</b>	Singapore Tourism Board
<b>TCFD</b>	Task Force on Climate-Related Financial Disclosure
<b>Toga Trust</b>	Toga Hotel Holdings Unit Trust
<b>TFE Hotels</b>	Toga Far East Hotels
<b>UK</b>	United Kingdom
<b>UCAS</b>	Universities and Colleges Admissions Service

## GEOGRAPHICAL PRESENCE

As at 31 December 2023



### Notes:

- <sup>1</sup> In 2022, FEOR entered into a joint venture development in Bristol, for the development of a 706-bed PBSA asset. The development is expected to complete in 2026. This would bring FEOR's PBSA portfolio to more than 4,400 properties across the UK.
- <sup>2</sup> Includes PBSA and a mixed development, Westminster Fire Station.
- <sup>3</sup> Includes managed hospitality properties and medical suites, shops and offices namely, Novena Medical Center, Novena Specialist Center, SBF Center and Woods Square.

## HOSPITALITY

 **10**  
Countries

 **~100**  
Properties

 **29**  
Cities

 **>16,600**  
Rooms

## UK PBSA<sup>1</sup>

 **7**  
Cities

 **13**  
Properties

 **3,687**  
Beds

**1**

**United Kingdom**  
14 Properties<sup>2</sup>



**2**

**Denmark**  
1 Property



**3**

**Germany**  
14 Properties



**4**

**Austria**  
2 Properties



**5**

**Hungary**  
1 Property



**6**

**Switzerland**  
1 Property



**7**

**Japan**  
3 Properties



**8**

**Malaysia**  
1 Property



**9**

**Singapore**  
28 Properties<sup>3</sup>



**10**

**Australia**  
48 Properties



**11**

**New Zealand**  
4 Properties



**11**

### LEGEND



PBSA



Hotel Ownership & Management



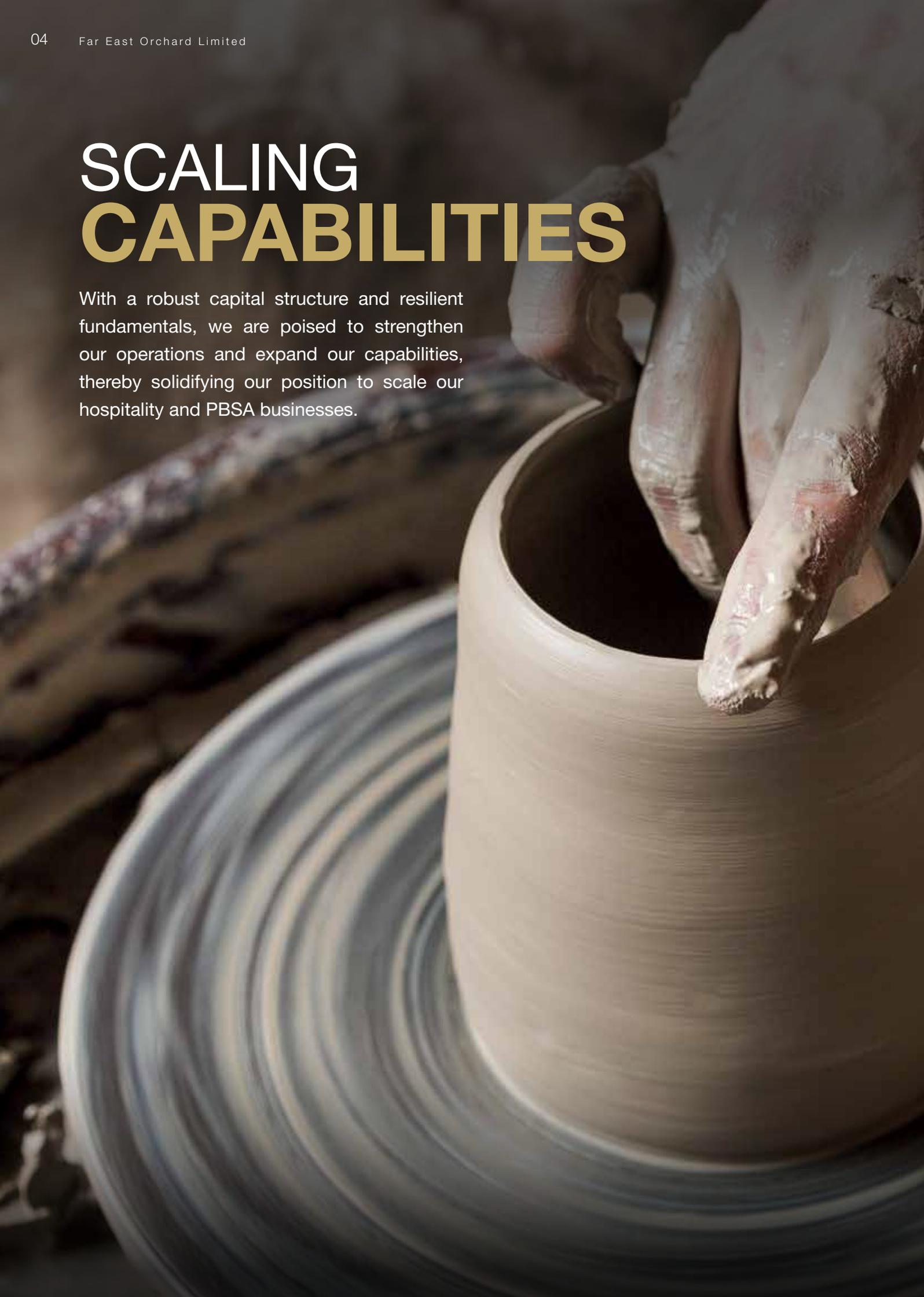
Commercial Units & Medical Suites



Property Development

# SCALING CAPABILITIES

With a robust capital structure and resilient fundamentals, we are poised to strengthen our operations and expand our capabilities, thereby solidifying our position to scale our hospitality and PBSA businesses.



# CORPORATE HIGHLIGHTS



## MARCH 2023

140 Rooms  
**Debut of Adina Apartment  
Hotel Geneva in Switzerland**



## NOVEMBER 2023

**SIAS Investors' Choice Awards 2023**  
- Winner of the Most Transparent  
Company Award (Real Estate)



## MARCH 2024

273 beds  
**Acquired a site in  
Glasgow, Scotland,  
for a PBSA development<sup>1</sup>**

<sup>1</sup> Completion of the acquisition is conditional upon no successful judicial review being received on the planning permission. If the development progresses as planned, it is expected to be completed in 2026.

## CHAIR'S STATEMENT

### Dear Shareholders,

The business landscape in 2023 was beset by many challenges and opportunities, but we remained unwavering in our focus and endeavours on shaping our future growth.

Navigating with prudence, and coupled with the strong operational performance from our two key operating businesses – the hospitality and PBSA businesses, the Group delivered its highest operating profit of S\$57.9 million in 10 years in FY2023, up 7.2% from S\$54.0 million in the preceding year. While the PBSA business continues to be resilient, delivering a stable revenue increase year-on-year, our strong operating performance was propelled by the recovery of our Hospitality business, which was still partially impacted by the residual effects of COVID-19 in 2022.

For FY2023, Group revenue increased by 30.3% to S\$183.6 million and profit after tax increased to S\$66.1 million from S\$21.5 million in the preceding year. This significant increase in net profit was mainly attributed to fair value gains from our PBSA investment properties, driven by underlying income growth. Profit attributable to shareholders increased to S\$66.0 million.

**The business landscape in 2023 was beset by many challenges and opportunities, however we remained unwavering in our focus and endeavours on shaping our future growth.**



## CHAIR'S STATEMENT

### Navigating Challenges, Seizing Opportunities

2023 was a strong year of recovery for international travel, with arrivals at 88% of the pre-pandemic level, according to the United Nations World Tourism Organization (“UNWTO”).<sup>1</sup> This uptick in air connectivity and global travel boosted the Group's Hospitality business performance in FY2023, leading to higher occupancies and room rates for the Group.

However, recovery varied by region, as international arrivals in Asia-Pacific are experiencing a slower return to pre-pandemic levels, primarily due to a more gradual reopening of international travel and a slowing economy in China.<sup>2</sup> Although international arrivals continue to rise in Singapore, the numbers remained below pre-pandemic levels. In 2023, there were 13.6 million arrivals, significantly higher than the 2022 figure of 6.3 million but still well below the 19.1 million visitors in 2019.<sup>3</sup>

Throughout the year, the Group's hospitality arm, Far East Hospitality, in partnership with its joint venture, TFE Hotels, continued to expand our hotel portfolio. This involved the opening of six hotels comprising more than 650 rooms, spanning locations in Austria, Australia, and Japan, with the notable addition of a new venture in Switzerland. In 2024, the Group plans to open approximately 600 rooms across the Asia-Pacific and Europe.

While industry data continues to point towards a sustained global tourism recovery in 2024, we note that economic challenges such as high inflation, elevated interest rates, and geopolitical tensions continue to impede progress. As such, we remain cautiously optimistic about a full recovery of international travel and tourism in the coming years while being cognisant of uncertainties and short-term challenges within the global economy. We will continue to rely on our business fundamentals and operational excellence to weather this dynamic business and operating environment.

In 2023, the UK PBSA sector grappled with an acute supply and demand imbalance. This stems from a significant surge in student demand driven by a large influx of domestic and international students. Hence, the rental growth prospect for the sector is expected to remain strong, and we will continue to capitalise on various opportunities to drive long-term growth in alignment with our FEOR 25 strategy.

Our development site in Bristol, UK, jointly acquired with Woh Hup Holdings Pte Ltd (“Woh Hup”) in 2022, commenced construction in Q3 2023. With a slated completion date in 2026, this will add 706 beds to our PBSA portfolio. In March 2024, noting the acute demand for student accommodation in Glasgow, Scotland, the Group, together with Woh Hup, entered into an agreement to acquire a site to develop a 273-bed PBSA in Glasgow, and the development is expected to be completed in 2026.<sup>4</sup>

As we navigate through challenges and seize growth prospects, our confidence in the positive trajectory of the UK PBSA sector remains steadfast. This confidence is underpinned by promising fundamentals, including robust student demand and the enduring appeal of the UK as a premier destination for higher education.

Looking ahead, we continue to adopt a disciplined approach to investing and growing our recurring income.

### Celebrating Achievements

In addition to the improved results, I am honoured to share that Far East Orchard received the esteemed ‘Most Transparent Company’ award in the real estate category at the SIAS Investors’ Choice Awards 2023. This award recognises the Group's demonstration of transparency in our operations, financial reporting, and communication with stakeholders.

<sup>1</sup> UNWTO. “International Tourism to Reach Pre-Pandemic Levels in 2024 (unwto.org).” 19 January 2024.

<sup>2</sup> Bloomberg. “China's Severed Air Links Drain \$130 Billion From Global Tourism.” 19 January 2024.

<sup>3</sup> The Business Times. “Singapore expects to see 15 million to 16 million visitors in 2024, below pre-Covid levels.” 1 February 2024.

<sup>4</sup> Completion of the acquisition is conditional upon no successful judicial review being received on the planning permission. If the development progresses as planned, it is expected to be completed in 2026.

## CHAIR'S STATEMENT

We are heartened by the recognition of our longstanding efforts to maintain a high standard of corporate governance, and we are dedicated to upholding this standard.

### Sustainable Growth and Environmental Stewardship

Sustainability is a core pillar in our growth strategy, and the Board continues to play an integral and active role in shaping the Group's sustainability efforts to align with our long-term strategic goals. Last year, the Group committed to the Science Based Targets Initiative ("SBTi") goal of reducing 42% of carbon emissions in our owned properties by 2030 from the 2022 baseline. This year, we have rebased the baseline carbon emissions to include three owned hotel properties in Australia and a new PBSA asset, Emily Davies. As our business units continue to work on the decarbonisation plan, we achieved a 5% reduction in carbon emissions across our owned properties. We are dedicated to working towards achieving the SBTi target.

As a proactive step towards understanding the intricate dynamics of climate-related impacts on the Group's business, we have initiated a qualitative scenario analysis this year. When completed, this strategic assessment will enable us to evaluate potential climate-related risks and opportunities, ensuring that our business remains resilient and adaptive in the face of evolving environmental challenges.



### FIRST AND FINAL DIVIDEND

4.0

SINGAPORE CENTS



### REVENUE

S\$183.6

MILLION

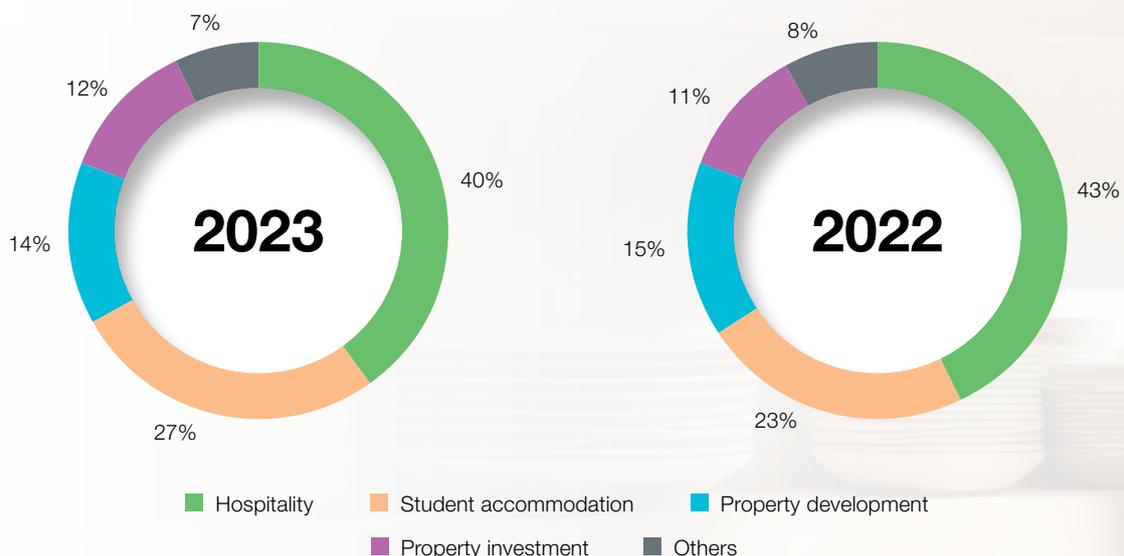


### PROFIT AFTER TAX

S\$66.1

MILLION

### TOTAL ASSETS BY BUSINESS SEGMENTS



## CHAIR'S STATEMENT

Furthermore, we are now capturing data and reporting on two Scope 3 categories as part of our deep commitment to comprehensive sustainability reporting. In addition, we are enhancing our transparency and accountability by broadening our focus to include indirect emissions associated with our value chain. All these efforts align with our dedication to mitigating the environmental footprint of our entire operations.

### Delivering Value to Shareholders

The Board acknowledges the significance of the dividends distributed to all shareholders and affirms our steadfast commitment to adhering to our dividend policy. We are pleased to announce a first and final dividend of 4.0 cents per share for FY2023, which reflects our confidence in our business's sustainable growth and profitability. This dividend payout reaffirms our dedication to delivering tangible returns to our valued shareholders.

### Appreciation and Gratitude

This year's commendable performance results from our employees' tenacity, dedication, and hard work. We would not have been able to achieve such a stellar result without your help, and I thank you all for your efforts. I would also like to express my deepest appreciation to our shareholders, partners, and stakeholders for your steadfast support. Our journey of shaping the growth of this company is a collective effort, and each of you play an integral role in our success.

Finally, I want to thank my fellow Board members for their ongoing invaluable stewardship and wise guidance.

Thank you for your trust and belief in us.

### Koh Kah Sek

Chair

18 March 2024

I would also like to express my deepest appreciation to our shareholders, partners, and stakeholders for your steadfast support. Our journey of shaping growth of this company is a collective effort, and each of you play an integral role in our success.

## GROUP CEO'S MESSAGE

### Dear Shareholders,

Amidst persistent inflationary pressures, a high interest rate environment, tight labour markets, and geopolitical tensions, 2023 unfolded as a year marked by volatility and uncertainty.

Through the team's concerted effort, I am heartened that the Group navigated the challenging operational backdrop with grit and adaptability. This has allowed us to build and grow resilient and recurring income from our real estate lodging platform.

### Robust Performance Underpinned by a Diversified, Resilient Portfolio

For FY2023, the Group saw a significant improvement in profit after tax of S\$66.1 million, up from S\$21.5 million in the prior year. This was attributed primarily to the fair value gains on investment properties of S\$58.3 million, mainly from our UK PBSA portfolio.

The full-year revenue of S\$183.6 million in FY2023 increased by 30.3% from S\$141.0 million in the prior year. Revenue grew 40.5% and 13.8% for our Hospitality and PBSA businesses, respectively.

The Hospitality business continued to recover strongly as international travel demand drove higher occupancies and average daily rates (ADR). Meanwhile, the Group continues to see strong demand across its PBSA portfolio, supported by a strong mix of domestic and international student demand and a shortage in bed supply. Our UK PBSA portfolio achieved a higher portfolio occupancy of 99% for the academic year ("AY"), which commenced in September 2022 (AY22/23) (AY21/22: 86%). Rental growth achieved for the AY has also offset the impact of higher operating costs.

Boosted by the improvement in the operating performance of both Hospitality and PBSA businesses, the Group recorded its strongest operating profit of S\$57.9 million in the last 10 years.



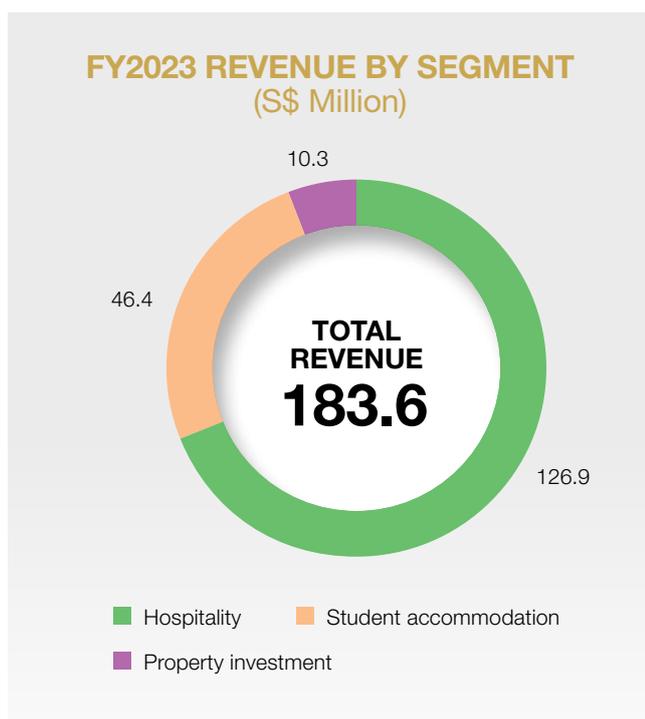
## GROUP CEO'S MESSAGE

The improved earnings from operations in FY2023 were adversely affected by higher financing costs and higher operating expenses incurred by the Hospitality business, which were impacted by inflationary pressures. In addition, the slowdown in the UK housing market caused by the high-interest rate environment resulted in the Group recognising an impairment loss of S\$7.6 million on its property held for sale in the UK.

### Prudent Risk and Capital Management

Central to our FEOR 25 strategy is the commitment to prudent risk and capital management. As we navigate the evolving business landscape, we ensure that our capital is deployed judiciously to support sustainable growth. This fortifies our financial foundation and positions us to capitalise on opportunities, fostering a resilient and thriving future for the Group.

As at 31 December 2023, we maintained a debt-to-total equity ratio of 44.1% (Dec-22: 46.2%) and a robust balance sheet with cash and cash equivalents amounting to S\$225.6 million. We met our funding requirements with the cash flow generated from operations and the available bank facilities. To help mitigate the impact of the high-interest rate environment, we adopted interest rate hedging and actively made repayment of borrowings.



## FEOR 25 STRATEGY

Achieve  
**25,000**  
Rooms &

**5,000**  
Beds by 2025

### Scaling Capabilities in Our Two Pillars of Growth

The FEOR 25 strategy has stewarded growth through our strategic investments, geographical diversification, and selective development opportunities to build and strengthen our lodging business to deliver long-term value to shareholders.

### Hospitality Business

According to the United Nations World Tourism Organization (“UNWTO”), global tourism demand rebounded strongly in 2023, reaching 88% of pre-pandemic levels.<sup>1</sup> Riding on the sustained recovery of the hospitality sector, our Hospitality business showcased a robust operating performance with higher occupancies and room rates achieved across the markets we operate in. However, the recovery trajectory has been challenged by global inflationary pressures and manpower constraints.

In 2023, the Group opened six hotels across Australia, Austria, Japan, and Switzerland, contributing more than 650 rooms to our expanding portfolio.

Our joint venture TFE Hotels unveiled a 140-key Adina Apartment Hotel Geneva in March 2023, marking our first foray into the Swiss market, and also opened a 131-key Adina Serviced Apartments Vienna in July 2023, further expanding our European hospitality portfolio to 19 hotels with over 2,800 keys. The trajectory for our European expansion remains promising, with plans for continued growth in the years ahead.

<sup>1</sup> UNWTO. “International Tourism to Reach Pre-Pandemic Levels in 2024 (unwto.org).” 19 January 2024.

## GROUP CEO'S MESSAGE

Our Hospitality operating business in Singapore, Far East Hospitality (“**FEH**”), further expanded its hotel operation in Japan with the opening of 134-key Far East Village Hotel Tokyo, Asakusa, in April 2023. This achievement is part of our broader commitment to expand our footprint in Japan, a market fuelled by the return of international travellers and Tokyo’s unwavering status as a preferred destination.

As we look ahead to 2024, our growth plans include introducing approximately 600 more rooms across Australia, Germany and Singapore. We will continue to explore strategic acquisitions, collaborative joint ventures, and management agreements to pursue portfolio enhancement and revenue diversification. At the same time, we remain committed to creating and introducing innovative brand experiences that align with travellers’ evolving needs. The successful outcomes and accolades garnered by the Group in 2023 stand as a testament to the concerted efforts of our dedicated team.

Although we anticipate near-term headwinds, such as lingering geopolitical tensions, persistent inflation and high travel costs, to potentially impede tourism recovery in 2024, we remain cautiously optimistic of the outlook of the hospitality business. Our well-diversified portfolio and proactive measures would position us to manage challenges adeptly and seize on emerging opportunities.

### **PBSA Business**

Our PBSA portfolio in the UK has expanded significantly since 2015 to 13 assets across seven UK cities, with a total valuation of S\$634.4 million as at 31 December 2023. This year, the PBSA portfolio recorded a valuation gain of approximately S\$50.6 million, driven by income growth, attesting to the strong demand fundamentals, which more than offsets the yield expansion.

In May 2023, we added an operational 126-bed PBSA property to our portfolio following the completion of the acquisition of Emily Davies in Southampton. Additionally, our joint venture with Woh Hup Holdings Pte Ltd and Way Assets Pte. Ltd. to develop a 706-bed PBSA in Bristol commenced work in Q3 2023. The expected completion is in 2026, ahead of schedule.

Notably, March this year marked a milestone as we made our entry into Scotland with the acquisition, together with Woh Hup, of a site in Glasgow to develop a 273-bed PBSA. This further strengthens our partnership with Woh Hup, and signifies our commitment to deepen our presence in the UK. We expect the Glasgow development to be completed in 2026.

In 2023, the UK PBSA sector’s growth was fuelled by favourable demand-supply dynamics driven by strong domestic and international student demand. The student population is expected to increase by another 5% or 30,000 by 2024.<sup>2</sup> Despite the surge in student enrolments, the existing bed capacity struggles to keep up with the demand. As a result, our PBSA portfolio continues to achieve an impressive 99% occupancy rate for the latest AY beginning September 2023 (AY23/24) with a decent rental growth backed by the continuous strength of student demand and effective strategies implemented across all cities. Through proactive asset management, we secured over 60% of beds through university nomination agreements, establishing a robust leasing foundation while retaining existing students.

Given the strengthening fundamentals in PBSA, we remain confident in this sector in the coming years. We will continue to pursue portfolio and revenue growth opportunities and actively monitor development opportunities to deliver sustainable, long-term value to our shareholders.

### **Creating Meaningful Impact on our Sustainability Journey**

Guided by our sustainability vision, we continued strengthening our ESG practices and governance in our strategy, business decisions and operations. This aims to positively impact the environment, communities, and stakeholders.

Our progress towards meeting our goal of reducing 42% of carbon emissions in our owned properties by 2030 is encouraging. As we expanded our reporting scope to include three owned Australia hotels and the newly acquired PBSA asset, Emily Davies, in 2023, our absolute Scope 1 and 2 GHG emissions achieved a 5% reduction across all owned properties. Additionally, we broadened our sustainability reporting by incorporating Scope 3 GHG emissions, which covers fuel-related and energy-related activities and business travel. This aims to provide a comprehensive view of our sustainability efforts, enhancing our understanding of our environmental impact.

In 2023, we also embarked on our inaugural climate risk scenario analysis to address the pressing challenges arising from the impact of climate change. This effort provides valuable insights into the potential impact of climate-related risks on our business. Through this analysis, we also hope to identify potential opportunities that may arise as we shape our future growth.

<sup>2</sup> CBRE. “CBRE Real Estate Market Outlook 2024 | UK.” 2024.

## GROUP CEO'S MESSAGE

**Our commitment extends to actively building capabilities and pursuing asset-light strategy, value-accretive acquisitions and/or selective developments and strategic partnerships to generate enhanced value for our shareholders.**

Throughout the year, our businesses have taken substantial steps towards environmental sustainability. Notably, the Sentosa hotels managed by FEH – Oasia Resort Sentosa, The Barracks Hotel Sentosa, The Outpost Hotel Sentosa, and Village Hotel Sentosa – received the esteemed Singapore Hotel Sustainability Award 2023-2024. This recognition is a testament to our commitment to environmental responsibility.

These developments underscore our dedication to sustainable practices, reinforcing our responsibility as stewards of the environment.

Our sustainability report outlines our detailed progress across various targeted areas.

### Shaping Growth – 2024 Outlook

Looking forward, while the global economy will continue to be clouded and weighed down by uncertainties, our vision remains crystal clear, and our dedication to shaping growth remains steadfast. According to the IMF World Economic Outlook Update, at the end of January 2024, global growth is projected to rise 3.1% in 2024, followed by a 3.2% expansion in 2025.<sup>3</sup> The IMF expects the upside and downside risks to global growth to be broadly balanced – on the upside, faster disinflation may lead to easing of financial conditions; on the downside, geopolitical conflicts, supply disruptions or more persistent underlying inflation could prolong tight monetary conditions. Therefore, the global economic environment remains uncertain, with external risks posing ongoing threats to growth and investments, potentially impacting rental and occupancy rates in our operational markets.

Despite these uncertainties, we maintain confidence in the robustness of the Group's diversified portfolio and sound financial standing, forming a solid foundation for delivering consistent returns in the long term. Our commitment extends to actively building capabilities and pursuing asset-light strategy, value-accretive acquisitions and/or selective developments and strategic partnerships to generate enhanced value for our shareholders. This strategic approach is fortified by ongoing capital management initiatives, ensuring the maintenance of a robust balance sheet.

With the evolving economic landscape, it is imperative that we actively monitor the risks emerging from the macroeconomic and geopolitical factors, while we remain resolute in our commitment to build a resilient business. This is done by driving revenue growth, building operational capabilities, implementing prudent cost management strategies, and actively pursuing strategic opportunities for sustainable long-term growth.

### Appreciation

As we reflect on our journey, I am confident that FEOR will persist in creating value for our shareholders and advancing towards realising its FEOR25 strategy.

I extend my heartfelt appreciation to the exceptional team, dedicated Board members, and all employees who have made invaluable contributions to our achievements. To our shareholders, your unwavering support has been instrumental to our success, and we express our sincere gratitude.

### Alan Tang

Group CEO

18 March 2024

<sup>3</sup> IMF. "Moderating Inflation and Steady Growth Open Path to Soft Landing". 30 January 2024.

# SEIZING OPPORTUNITIES

Within the challenges and volatility that lie ahead, we discern positive prospects and seize opportunities to drive growth across all business segments.





## BOARD OF DIRECTORS AND MANAGEMENT



**MS KOH KAH SEK**  
Chair, Non-Executive Director

**MR ALAN TANG YEW KUEN**  
Executive Director and Group CEO

**MR RAMLEE BIN BUANG**  
Non-Executive Lead ID

**MR SHAILESH ANAND GANU**  
Non-Executive ID



**MS KU XIAN HONG**  
Non-Executive ID

**MR SAMUEL GENE RHEE**  
Non-Executive ID

**MDM EE CHOO LIN DIANA**  
Non-Executive Director

**MR CHAN HON CHEW**  
Non-Executive ID

## BOARD OF DIRECTORS AND MANAGEMENT

### MS KOH KAH SEK

#### Chair, Non-Executive Director

- Member, NC

Ms Koh Kah Sek was appointed as a Non-Executive Director on 1 November 2016 and was last re-elected on 19 April 2023. Ms Koh was appointed as Chair of the Board on 18 April 2022 and as a member of the NC on 1 January 2023. As Ms Koh is directly associated with Far East Organization Pte. Ltd., which is a substantial shareholder of the Company, she is considered by the NC and Board to be non-independent.

Ms Koh is an Executive Director and the CFO of Far East Organization (“**FEO**”), where she is responsible for FEO’s financial affairs, including corporate finance, treasury, overseas investments, risk management and capital management. She also oversees the corporate function of FEO’s Group Legal Division.

Ms Koh is also a Non-Executive ID and Chairman of the Audit Committee of Netlink NBN Management Pte. Ltd., trustee-manager of Netlink NBN Trust.

Prior to joining FEO, Ms Koh worked in Singapore Telecommunications Limited (SingTel) from 2005 to 2011. In SingTel, she held various senior management positions, such as the Group Financial Controller, CFO of Singapore Business and Group Treasurer. Ms Koh previously served as a board member of public listed companies including Globe Telecom Inc. and Advanced Info Service Public Company Limited. Prior to joining SingTel, Ms Koh began her career with Price Waterhouse and thereafter she worked at a leading global investment bank before she held a senior management role in a public listed F&B company in Singapore.

Ms Koh graduated with a Bachelor of Commerce from the University of Melbourne and is a member of The Institute of Singapore Chartered Accountants and a Fellow Member of CPA Australia.

#### Present directorships in other listed companies:

##### SINGAPORE

- Netlink NBN Management Pte. Ltd. (trustee-manager of Netlink NBN Trust, a business trust listed on the SGX-ST)

#### Other principal commitments:

##### SINGAPORE

- Executive Director and CFO, FEO
- Member – Professional Education Council (Singapore Chartered Accountant Qualification), ACRA
- Member, Accounting Standards Committee, ACRA
- Director, Baker & Cook Pte. Ltd.
- Director, Commonwealth Concepts Pte. Ltd.

##### OVERSEAS

Nil

#### Past directorships in other listed companies (2021-2023):

Nil

## BOARD OF DIRECTORS AND MANAGEMENT

### MR ALAN TANG YEW KUEN

#### Executive Director

- Group CEO

Mr Alan Tang Yew Kuen was appointed as an Executive Director on 1 January 2020, and was last re-elected on 19 April 2023. Mr Tang was also appointed as the Group CEO of the Company on 1 January 2020.

Mr Tang has rich and balanced experience in the global hospitality real estate capital market and operations. He served as Senior Vice President, Head Hospitality of GIC Real Estate Private Limited, where he held leadership responsibilities for investment and asset management of a USD multi-billion portfolio. During his tenure at GIC Real Estate Private Limited, he oversaw both direct and indirect (through third-party funds) equity and debt investments, as well as both private and public-listed entities. Prior to joining the Company, Mr Tang was Chief Operating Officer of Frasers Hospitality International Pte. Ltd., where he led the operations of its hotels and serviced apartments worldwide.

Mr Tang received a Bachelor of Science (Distinction) in 1992 from the School of Hotel Administration, Cornell University, USA. He is also a Chartered Financial Analyst (CFA). In 2016, he completed the Module 10 of the Capital Markets and Financial Advisory Services (CMFAS) Examination.

#### Present directorships in other listed companies:

Nil

#### Other principal commitments:

##### SINGAPORE

- FEHH (Chairman)
- Member of Hotel Innovation Committee, Singapore Hotel Association

##### OVERSEAS

- Toga Hotel Holdings Pty Limited (Director of the Trustee Board)

#### Past directorships in other listed companies (2021-2023):

Nil

## BOARD OF DIRECTORS AND MANAGEMENT

### MR RAMLEE BIN BUANG

#### Non-Executive Lead ID

- Chair, ARC
- Member, NC

Mr Ramlee Bin Buang was appointed as a Non-Executive Director on 25 April 2017 and was last re-elected on 26 April 2021. Mr Ramlee was appointed Chair of the ARC and a member of the NC on 24 April 2018, and as Lead ID on 1 January 2023. The NC and Board considers Mr Ramlee to be an ID.

Mr Ramlee has extensive experience in corporate and international business and finance, accounting, tax, corporate investor relationship, management information systems, risk management and audit, human resource development in leading multinational corporations and in various industries ranging from petroleum, power tools and housewares to household and personal care products, health supplements, food and beverage and hospitals.

Mr Ramlee holds a Professional Qualification from the Chartered Association of Certified Accountants in the United Kingdom, a Diploma in Marketing from the Chartered Institute of Marketing, UK and a Graduate Diploma in Marketing from the Marketing Institute of Singapore. He is a non-practicing member of the Institute of Singapore Chartered Accountants. He attended the Harvard Business School Advanced Management Program in 2011. He is a Certified Governance, Risk Management and Compliance Professional, Certified Professional Co-Active Coach (The Coaches Training Institute) and an Associated Certified Coach with International Coaching Federation.

He was conferred the Public Service Medal (PBM) in 2018.

Mr Ramlee will retire pursuant to Regulation 98 of the Company's Constitution at the Company's 56<sup>th</sup> AGM and he is eligible for re-election.

#### Present directorships in other listed companies:

Nil

#### Other principal commitments:

##### SINGAPORE

- Halogen Foundation (Singapore) (Director and Chair of Audit & Risk Management Committee)
- Ukyo Advisory (Founder/ Owner)
- MOH Holdings (Chair of MOHH-Public Healthcare Institutions Finance Shared Services Steering Committee)
- 1FSS Pte. Ltd. (Chairman, Director and member of Human Resource Committee)
- Singapore University of Technology and Design (Member of Board of Trustee and Chair of the ARC)
- Public Service Commission (Member of Council)
- ACRA (Board Member and Member of Audit & Risk Management Committee)

##### OVERSEAS

Nil

#### Past directorships in other listed companies (2021-2023):

Nil

## BOARD OF DIRECTORS AND MANAGEMENT

### MDM EE CHOO LIN DIANA

#### Non-Executive Director

- Member, ARC
- Member, RC

Mdm Ee Choo Lin Diana was appointed as a Non-Executive Director on 29 April 2011, and was last re-elected on 19 April 2023. Mdm Ee is a member of the ARC and RC. As Mdm Ee has served the Board for more than nine years, with effect from 1 January 2022, she was re-designated as a Non-Independent Non-Executive Director. Nonetheless, Mdm Ee continues to demonstrate strong independence in character and judgement, and provides impartial and autonomous views.

Mdm Ee has extensive international experience in the tourism, leisure and hospitality industry. She held senior executive leadership positions at Raffles International Limited managing multi-hotel brands and gained broad commercial experience in business operations, brand stewardship, global sales and marketing, distribution and revenue management, technical services, quality assurance and strategic organisational development.

Formerly, as President of Raffles Hotels & Resorts, she held responsibilities for the brand's growth strategy and for the operating and financial performance of its hotels, in multi-cultural environments spanning South East Asia, China, the United States, Middle East and Europe. Mdm Ee has previously served as a Board Member of Sentosa Development Corporation, the Singapore Tourism Board, the Board of Governors of Republic Polytechnic Singapore, and as Chairman of Mount Faber Leisure Group Pte. Ltd., an operator of a suite of leisure and lifestyle offerings including attractions such as the Singapore Cable Car and operations in retail and F&B.

She is presently Vice-Chairman of SHATEC Institutes Pte. Ltd. (the hospitality and tourism institute of the Singapore Hotel Association) and a Director of Constellar Holdings Pte. Ltd., manager of proprietary large scale international events in Asia and operator of Singapore Expo, Singapore's largest purpose-built venue for Meetings, Incentives, Conventions and Exhibitions (MICE).

Mdm Ee obtained her Bachelor of Arts degree in Economics from the National University of Singapore.

#### Present directorships in other listed companies:

Nil

#### Other principal commitments:

##### SINGAPORE

- SHATEC Institutes Pte. Ltd. (Vice-Chairman)
- FEHH (Director)
- Constellar Holdings Pte. Ltd. (Director)
- Singapore Standards Council (Member), Enterprise Singapore (Council Member), Singapore Services Standards Committee (Co-Chairman)
- SPD (Supporting People with Disabilities since 1964) (Board Director)

##### OVERSEAS

- Toga Hotel Holdings Pty Ltd (Director and Member of the ARC of the Trustee Board)

#### Past directorships in other listed companies (2021-2023):

Nil

## BOARD OF DIRECTORS AND MANAGEMENT

### MR SHAILESH ANAND GANU

#### Non-Executive ID

- Chair, RC
- Member, NC

Mr Shailesh Anand Ganu was appointed as a Non-Executive Director on 12 February 2019, and was last re-elected on 18 April 2022. Mr Ganu was appointed as the Chair of the RC on 1 January 2022 and a member of the NC on 18 April 2022. The NC and Board considers Mr Ganu to be an ID.

Mr Ganu is a seasoned business leader, management consultant, and senior human capital practitioner with experience leading large teams and projects in both corporate and consulting environments. He has over 23 years of experience working closely with the Boards and management teams of some of the leading companies in the world across Real Estate and several other industries. He is an Executive Compensation, Sustainability and Corporate Governance expert, with deep expertise in the design and implementation of people strategies, organisation development, business transformations, and ESG issues.

Mr Ganu has a Bachelor of Engineering (Chemical Engineering) degree from the University of Mumbai, India; and a Masters of Business Administration from Sydney Business School - University of Wollongong, Australia. He is a member and faculty of non-executive director institutes across the region, and is an associate lecturer teaching corporate governance and strategic HR courses. He is a keynote speaker, and frequently writes for business publications on gender diversity and board effectiveness matters.

At the conclusion of the Company's 56<sup>th</sup> AGM, as part of the reconstitution of the Board Committees, Mr Ganu will step down from his role as member of the NC and will continue as Chair of the RC.

#### Present directorships in other listed companies:

- Telechoice International Limited (Non-Executive ID & Chair of Risk and Sustainability Committee)

#### Other principal commitments:

##### SINGAPORE

- WTW (Managing Director; Global Practice Leader – Executive Compensation and Board Advisory)
- SATA Commhealth (ID, Chair of Human Resource Committee, and member of Governance and Nominating Committee)
- Singapore Institute of Directors (Governing Council member, Chair of ESG Committee)
- Vanguard Healthcare Pte. Ltd. (ID)
- NUS High School of Mathematics and Science (Board of Governors)

##### OVERSEAS

Nil

#### Past directorships in other listed companies (2021-2023):

Nil

## BOARD OF DIRECTORS AND MANAGEMENT

### MR SAMUEL GENE RHEE

#### Non-Executive ID

- Chair, NC
- Member, RC

Mr Samuel Gene Rhee was appointed as a Non-Executive Director on 1 January 2022, and was last re-elected on 18 April 2022. Mr Rhee was appointed as a member of the RC on 1 July 2022 and as Chair of the NC on 1 January 2023. The NC and Board considers Mr Rhee to be an ID.

Mr Rhee has over 30 years of experience in financial services and investments, 17 years of which were at Morgan Stanley. He was Chief Executive Officer and Board Chair at Morgan Stanley Investment Management in Asia and was also Chief Investment Officer where he managed institutional investment portfolios in tens of billions in assets.

He is co-founder, Chair and Chief Investment Officer of Endowus, the leading digital wealth platform and first approved digital advisor for CPF in Singapore.

Mr Rhee graduated with a BA (Joint Honours) in Economics and Public Administration from Royal Holloway, University of London, and attended the Executive Education Program in International Management by Stanford Graduate School of Business and NUS Business School.

Mr Rhee will retire pursuant to Regulation 98 of the Company's Constitution at the conclusion of the Company's 56<sup>th</sup> AGM, and while eligible to seek re-election, he has decided not to do so due to personal reasons.

#### Present directorships in other listed companies:

Nil

#### Other principal commitments:

##### SINGAPORE

- Endowus Technologies Pte. Ltd. (Chair and Chief Investment Officer)
- Voveo Capital Pte. Ltd. (Director)

##### OVERSEAS

Nil

#### Past directorships in other listed companies (2021-2023):

Nil

## BOARD OF DIRECTORS AND MANAGEMENT

### MS KU XIAN HONG

#### Non-Executive ID

- Member, ARC

Ms Ku Xian Hong was appointed as a Non-Executive Director on 1 January 2022, and was last re-elected on 18 April 2022. Ms Ku was appointed as a member of the ARC on 1 July 2022. The NC and Board considers Ms Ku to be an ID.

Prior to her directorship roles, Ms Ku spent 27 years in Accenture Singapore where she was a Managing Director. She assumed multiple Asia Pacific leadership roles during her career at Accenture where she led technology and consulting projects across clients in various industries. She also spent four years in China, Hong Kong and Taiwan where she established the Greater China Change Management practice to help clients transform their organisation and workforce.

Ms Ku chairs the Regulatory and Risk Committee at Netlink NBN Management Pte. Ltd., trustee-manager of Netlink NBN Trust. She is also a member of the RC at Netlink NBN. She has recently stepped down from the Council of Singapore Cancer Society after 9 years' service where she was the Chairperson of its Digital and Technology Committee.

Ms Ku obtained her Bachelor of Science from the National University of Singapore and Master of Business Administration (with Distinction) from the DePaul University, Chicago.

At the conclusion of the Company's 56<sup>th</sup> AGM, Ms Ku will step down from her role as member of the ARC, and be appointed as Chair of the NC and a member of the RC in place of Mr Samuel Gene Rhee who is retiring and not seeking re-election.

#### Present directorships in other listed companies:

##### SINGAPORE

- Netlink NBN Management Pte. Ltd. (trustee-manager of Netlink NBN Trust, a business trust listed on the SGX-ST)

#### Other principal commitments:

##### SINGAPORE

- Surbana Jurong Private Limited (Director)

##### OVERSEAS

- Anyhealth Company Limited (China) (Board Member)

#### Past directorships in other listed companies (2021-2023):

Nil

## BOARD OF DIRECTORS AND MANAGEMENT

### MR CHAN HON CHEW

#### Non-Executive ID

Mr Chan Hon Chew was appointed as a Non-Executive Director on 6 March 2024. The NC and Board considers Mr Chan to be an ID.

Mr Chan has extensive experience in business and finance, strategic planning, investment, corporate accounting and reporting, treasury, tax and risk management. He began his career with Price Waterhouse and thereafter worked as Financial Controller at IBM, before moving to Wing Tai Holdings as Assistant General Manager, Finance where he oversaw all financial matters as well as tax, legal and corporate secretarial functions.

In 2003, Mr Chan joined Singapore Airlines Limited (SIA) where he served as Senior Vice President, Finance and was responsible for a diverse range of functions including investor relations, risk management and insurance and was involved in SIA's strategic planning process. During his tenure with SIA, Mr Chan received the Best CFO Award at the 2011 Singapore Corporate Awards, under the category of companies with S\$1 billion and above in market capitalization.

In 2014, Mr Chan joined Keppel Corporation Limited (Keppel) where he served as CFO and contributed significantly to sharpening Keppel's focus as one integrated company when its various operating units were privatized between 2015 to 2019. While at Keppel, the Singapore Ministry of Finance appointed Mr Chan to the Board of the Accounting Standard Council. Mr Chan contributed to the successful digitalization and streamlining of Keppel's finance processes, and the prudent management of Keppel's finances. Mr Chan retired from Keppel in December 2023.

Mr Chan obtained his Bachelor of Accountancy (Honours) from the National University of Singapore. He is a Chartered Accountant of Singapore, Australia and New Zealand, and a Chartered Financial Analyst with CFA Institute. Mr Chan is also a Senior Accredited Director with the Singapore Institute of Directors.

Mr Chan will retire pursuant to Regulation 103 of the Company's Constitution at the Company's 56<sup>th</sup> AGM and he is eligible for re-election. If re-elected, Mr Chan will be appointed as a member of the ARC on 25 April 2024.

#### Present directorships in other listed companies:

##### SINGAPORE

Nil

#### Other principal commitments:

##### SINGAPORE

- Member of Accounting Advisory Board of National University of Singapore Business School

##### OVERSEAS

Nil

#### Past directorships in other listed companies (2021-2023):

Nil

## BOARD OF DIRECTORS AND MANAGEMENT



### MR KIONG KIM HOCK ARTHUR

**CEO, Far East Hospitality**

Mr Kiong Kim Hock Arthur was appointed CEO of the hospitality business of the Company on 1 September 2012.

Arthur was the Managing Director of Hotel Operation (Asia Pacific & China) and Senior Vice President of Group Marketing Services at Banyan Tree Hotels & Resorts from 2008 to 2012. He was the Director of Far East Hospitality Business Group from August 2005 to 2007. Arthur was Vice-President of Marketing (Asia Pacific) for the Peninsula Group based in Hong Kong from 2002 to 2005, where he was responsible for the marketing functions in Head Office and sales performance of the hotels outside the USA.

Arthur has 37 years of hotel industry experience having held operations, sales and marketing roles for various hotels in Asia and the USA including The Peninsula Hotels, The Mandarin Oriental Hong Kong, The Ritz-Carlton, Hyatt International, Westin Hotels and Banyan Tree Hotels & Resorts.



### MS JOANNA GOK YIN YIN

**CFO**

Ms Joanna Gok Yin Yin was appointed CFO of the Company on 2 January 2018. Joanna leads the finance and corporate development teams and is responsible for business ventures, strategic partnerships, risk management, IR and overall financial matters of the Company and its group of companies. She also supports the Group CEO in the Group's strategic business planning process. Joanna has over 20 years of diversified experience in her previous roles in external audit and transaction services in the Big Four audit firms and finance and investment-related roles.

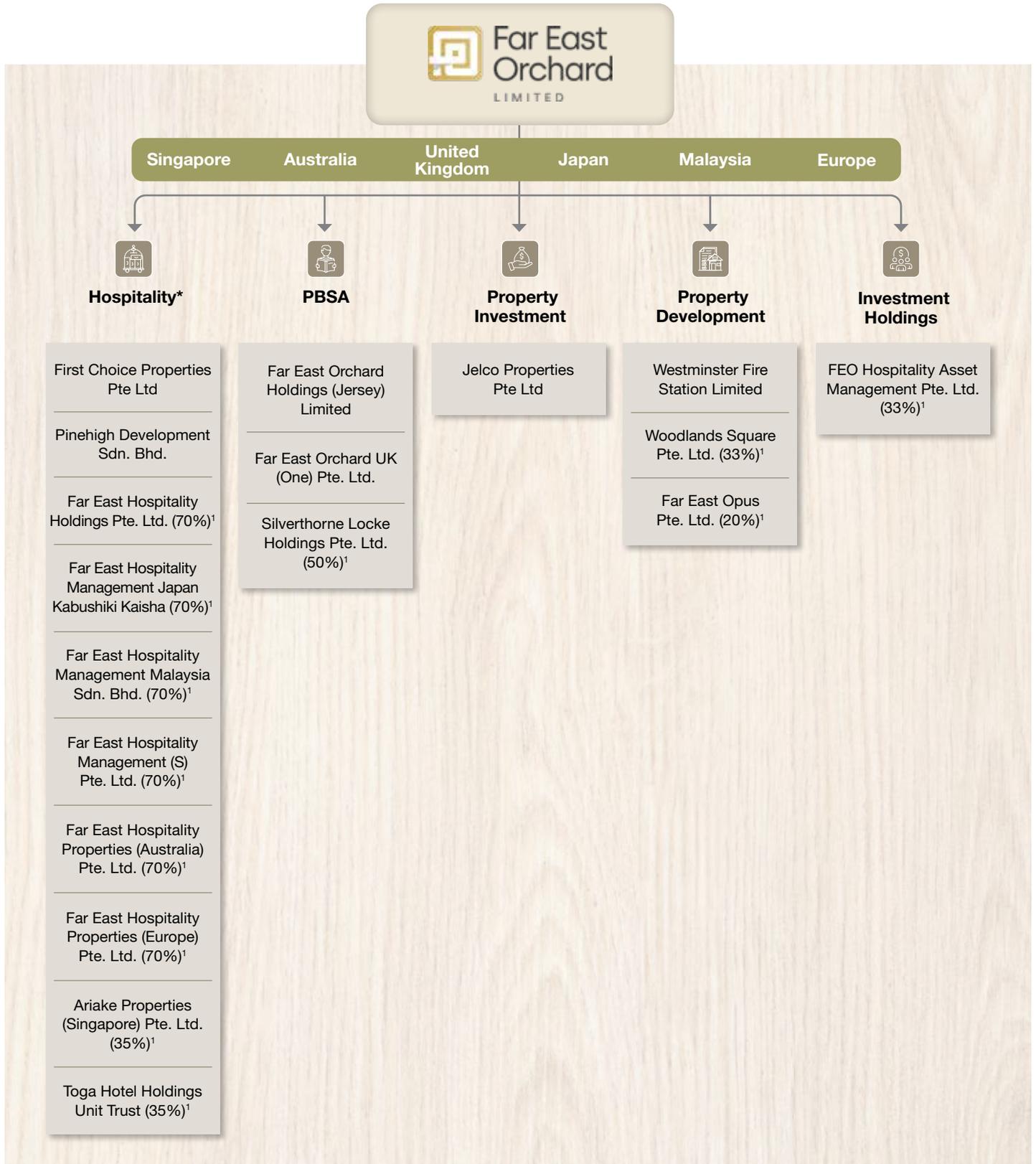
Joanna joined the Company in 2012 and held various managerial positions before her appointment as CFO.

Prior to joining the Company, Joanna served as CFO of Newage Investment Holding Pte Ltd for two years, overseeing financial matters of the holding company in Singapore which owns hotels and office buildings in Jakarta. Joanna began her career at Arthur Andersen before moving on to Ernst & Young where she led statutory audit and IPO-audit engagements. Thereafter, she joined the Transaction Services team in KPMG Singapore as Senior Manager, before leaving as Director in 2010. In KPMG, she led financial due diligence engagements for both buy-side and sell-side engagements.

Joanna holds a Bachelor of Accountancy (Honours) from the Nanyang Technological University, Singapore, and is a Chartered Accountant of Singapore.

# CORPORATE GROUP STRUCTURE

As at 18 March 2024

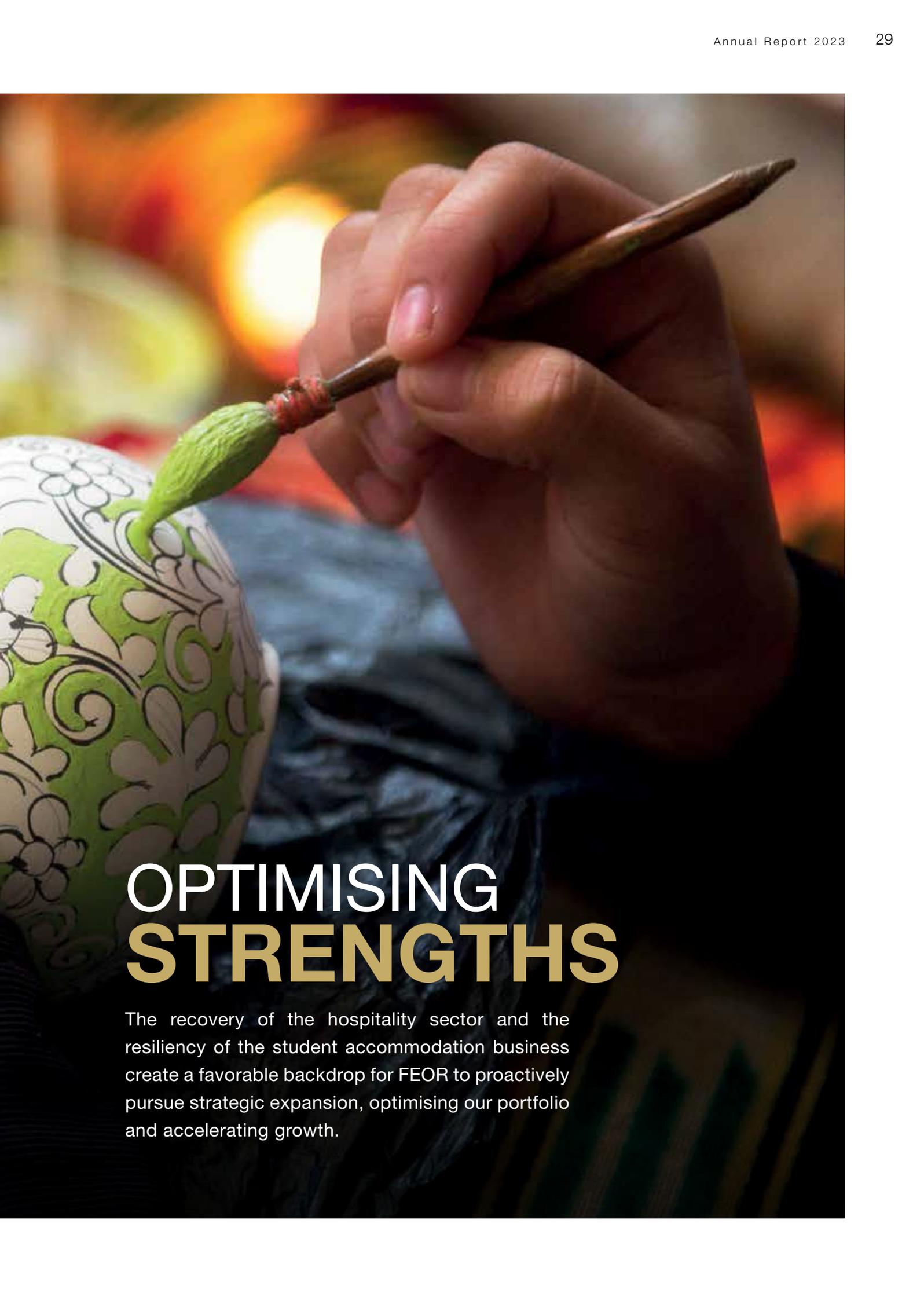


**Notes:**

\* Principal activities span across investment holding, ownership and/or management of hospitality properties.

<sup>1</sup> Effective interest is shown if ownership is not 100%.



A close-up photograph of a hand holding a traditional brush, painting a vibrant green pattern onto a white ceramic object. The brush has a wooden handle and a green, textured tip. The background is softly blurred, showing warm, bokeh lights in shades of orange and yellow. The overall mood is artistic and focused.

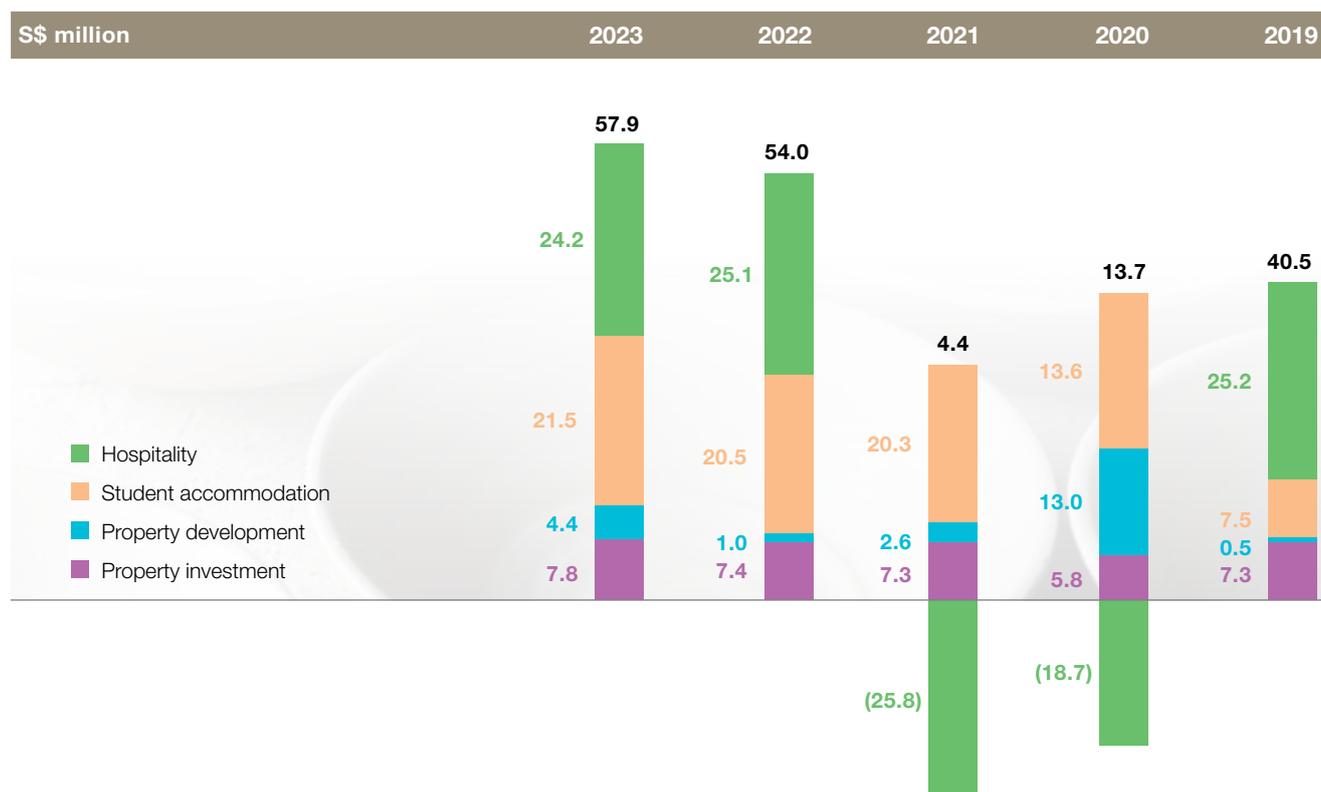
# OPTIMISING STRENGTHS

The recovery of the hospitality sector and the resiliency of the student accommodation business create a favorable backdrop for FEOR to proactively pursue strategic expansion, optimising our portfolio and accelerating growth.

## 5-YEAR FINANCIAL HIGHLIGHTS

S\$'000	2023	2022	2021	2020	2019
Hospitality	126,918	90,354	59,990	69,104	127,515
Student accommodation	46,390	40,773	37,290	28,426	19,092
Property development	-	-	-	6,561	-
Property investment	10,312	9,841	9,548	8,124	9,456
<b>Total revenue</b>	<b>183,620</b>	<b>140,968</b>	<b>106,828</b>	<b>112,215</b>	<b>156,063</b>
Operating profit	57,888	54,016	4,350	13,728	40,474
Profit/(Loss) before income tax	80,373	22,896	29,078	(3,359)	29,932
Profit attributable to equity holders	65,946	21,918	28,127	1,538	26,031
Shareholders' equity	1,355,616	1,294,528	1,280,128	1,240,883	1,249,146
Total assets	2,615,148	2,535,234	2,625,384	2,618,614	2,530,831
Net assets per share (S\$)	2.78	2.73	2.76	2.72	2.85
EPS (cents) <sup>1,2</sup>	13.7	4.7	6.1	0.4	6.0
Dividends (cents)					
– Final dividend per share	4.0	3.0	3.0	3.0	6.0
– Special dividend per share	-	1.0	-	-	-
Gearing ratio	0.44	0.46	0.54	0.54	0.44

### Total Operating Profit/(Loss) by Business Segment



#### Notes:

<sup>1</sup> EPS are calculated by reference to the weighted average number of shares in issue during the financial year.

<sup>2</sup> Figures have been rounded.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Non-Executive Chair

Ms Koh Kah Sek

#### Executive Director

Mr Alan Tang Yew Kuen (Group CEO)

#### IDs

Mr Ramlee Bin Buang (Lead ID)

Mr Shailesh Anand Ganu

Ms Ku Xian Hong

Mr Samuel Gene Rhee

Mr Chan Hon Chew\*

#### Non-Executive Director

Mdm Ee Choo Lin Diana

#### ARC

Mr Ramlee Bin Buang (Chair)

Mdm Ee Choo Lin Diana

Ms Ku Xian Hong

#### NC

Mr Samuel Gene Rhee (Chair)

Mr Ramlee Bin Buang

Mr Shailesh Anand Ganu

Ms Koh Kah Sek

#### RC

Mr Shailesh Anand Ganu (Chair)

Mdm Ee Choo Lin Diana

Mr Samuel Gene Rhee

### COMPANY SECRETARY

Ms Phua Siyu, Audrey

### REGISTERED OFFICE

6 Eu Tong Sen Street

#04-28 The Central

Singapore 059817

T: (65) 6830 6599

W: [www.fareastorchard.com.sg](http://www.fareastorchard.com.sg)

### SHARE REGISTRAR

Boardroom Corporate & Advisory Services Pte. Ltd.

1 Harbourfront Avenue

#14-07 Keppel Bay Tower

Singapore 098632

T: (65) 6536 5355

F: (65) 6438 8710

### INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP

7 Straits View, Marina One

East Tower, Level 12

Singapore 018936

Partner-in-charge:

Mr Chua Chin San

(Appointed since the financial year ended

31 December 2022)

### MAIN BANKERS

DBS Bank Ltd

Oversea-Chinese Banking Corporation Limited

United Overseas Bank Limited

#### Notes:

\* From 6 March 2024.

The composition of the Board and Board Committees reflected herein is for the period from 1 January 2023 until 9 April 2024, being the date of issuance of the Annual Report 2023.

## PROPERTIES OF THE GROUP

As at 31 December 2023

	Location	Effective Interest	Tenure	Approximate Site Area (sm)	No. of Units/ Rooms/ Beds
<b>Hospitality Properties</b>					
<b>Owned Properties</b>					
<b>Australia</b>					
A by Adina Sydney	Sydney	35%	Freehold	583	194
Adina Apartment Hotel Adelaide Treasury	Adelaide	35%	Leasehold	4,153	79
Adina Apartment Hotel Brisbane	Brisbane	35%	Freehold	1,485	220
Adina Apartment Hotel Sydney Darling Harbour	Sydney	35%	Leasehold	3,058	114
Rendezvous Hotel Perth Central <sup>1</sup>	Perth	70%	Freehold	1,973	103
Rendezvous Hotel Perth Scarborough	Perth	70%	Freehold	11,467	337
Rendezvous Hotel Melbourne	Melbourne	70%	Freehold	1,999	340
Travelodge Resort Darwin	Darwin	35%	Freehold	13,100	224
<b>Denmark</b>					
Adina Apartment Hotel Copenhagen	Copenhagen	35%	Freehold	3,000	128
<b>Germany</b>					
Adina Apartment Hotel Berlin Checkpoint Charlie	Berlin	35%	Freehold	2,143	127
Adina Apartment Hotel Berlin Mitte	Berlin	35%	Freehold	1,798	139
Adina Apartment Hotel Frankfurt Neue Oper	Frankfurt	35%	Freehold	1,455	134
<b>Japan</b>					
Far East Village Hotel Ariake, Tokyo	Tokyo	35%	Freehold	2,541	306
<b>Malaysia</b>					
Oasia Suites Kuala Lumpur	Kuala Lumpur	100%	Freehold	1,880	247
<b>Leased and Managed</b>					
<b>Singapore</b>					
Orchard Rendezvous Hotel, Singapore	Singapore	100%	Freehold	8,143 <sup>2</sup>	388
Village Hotel Albert Court	Singapore	100%	Leasehold	4,273	210

### Notes:

<sup>1</sup> Reclassified to non-current assets held-for-sale as at 31 December 2023.

<sup>2</sup> Includes 1,069 sm of leasehold area.

## PROPERTIES OF THE GROUP

As at 31 December 2023

	Location	Effective Interest	Tenure	Approximate Site Area (sm)	No. of Units/ Rooms/ Beds
<b>Properties Held for Sale</b>					
<b>Commercial</b>					
<b>Singapore</b>					
Novena Medical Center – Medical Suites	Singapore	100%	Leasehold	–	7
Novena Specialist Center – Medical Suites	Singapore	100%	Leasehold	–	29
SBF Center – Medical Suite	Singapore	20%	Leasehold	–	1
Woods Square – Offices	Singapore	33%	Leasehold	18,569 <sup>3</sup>	274
<b>Mixed Development</b>					
<b>United Kingdom</b>					
Westminster Fire Station	London	100%	Freehold	769	18 <sup>4</sup>
<b>Investment Properties</b>					
<b>Australia</b>					
Rendezvous Hotel Perth Scarborough – Retail Podium	Perth	70%	Freehold	–	13
<b>Singapore</b>					
Novena Medical Center – Medical Suites	Singapore	100%	Leasehold	–	37
Novena Specialist Center – Medical Suites	Singapore	100%	Leasehold	–	10
SBF Center – Shops	Singapore	20%	Leasehold	–	3
Woods Square – Offices and Retail	Singapore	33%	Leasehold	18,569 <sup>3</sup>	68
<b>United Kingdom (PBSA)</b>					
Emily Davies <sup>5</sup>	Southampton	100%	Freehold	1,380	126
Harbour Court	Bristol	100%	Freehold	794	133
Hollingbury House	Brighton	100%	Freehold	1,616	195
King Square Studios	Bristol	100%	Freehold	2,700	301
Land sites for student accommodation buildings	Newcastle upon Tyne	100%	Freehold	4,513	–
Plot 6 Silverthorne Lane	Bristol	42.5%	Freehold	7,350	– <sup>6</sup>
Portland Green Student Village – Bryson Court	Newcastle upon Tyne	100%	Freehold	3,287	366
Portland Green Student Village – Marshall Court	Newcastle upon Tyne	100%	Freehold	2,155	196
Portland Green Student Village – Newton Court	Newcastle upon Tyne	100%	Freehold	3,271	295
Portland Green Student Village – Rosedale Court	Newcastle upon Tyne	100%	Freehold	3,548	338
Portland Green Student Village – Turner Court	Newcastle upon Tyne	100%	Freehold	2,640	274
St Lawrence House	Bristol	100%	Freehold	1,022	166
The Elements	Sheffield	100%	Freehold	5,196	735
The Foundry	Leeds	100%	Freehold	2,161	239
The Glassworks	Liverpool	100%	Freehold	1,900	323

### Notes:

<sup>3</sup> Comprises properties held for sale (including site area of sold units) and investment property.

<sup>4</sup> 17 residential units and 1 restaurant unit.

<sup>5</sup> Sale and purchase agreement entered into in December 2022. The acquisition was completed on 31 May 2023 in accordance with the terms of the sale and purchase agreement.

<sup>6</sup> Will be developed into a 706-bed PBSA.

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## CORPORATE GOVERNANCE

FEOR (the “**Company**”) is firmly committed to maintaining a high standard of corporate governance and promoting corporate transparency, accountability and integrity to enhance long-term shareholder value, while taking into account the interests of its other stakeholders. Under the Singapore Governance and Transparency Index (“**SGTI**”) which assesses companies on the timeliness, accessibility and transparency of their financial results announcements along with their corporate governance disclosure and practices, the Company performed well, ranking 38 out of 474 listed companies in 2023. The Company also received the Most Transparent Company Award (Real Estate) which was conferred at the SIAS Investors’ Choice Awards 2023.

This report describes the corporate governance practices and policies of the Company and its subsidiaries (the “**Group**”) during FY2023 with reference to the principles and provisions of the Code of Corporate Governance 2018 as amended on 11 January 2023 (the “**Code**”), the Mainboard Rules of the Listing Manual of the SGX-ST (“**Listing Rules**”), the Companies Act 1967 (“**Companies Act**”), the Securities and Futures Act 2001 (“**Securities and Futures Act**”) and the voluntary Practice Guidance as at 14 December 2023 (“**Practice Guidance**”).

The Company has complied with all the principles and provisions in the Code.

### 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.**

#### Principal Duties of the Board

The Board, as fiduciaries acting in the Company’s interests, is collectively responsible for the Group’s long-term success. In addition to its statutory duties, the Board’s principal functions are to:

- a. create value for shareholders and to ensure the long-term success of the Group;
- b. oversee the effectiveness of Management, provide leadership, review the Group’s corporate strategies and direction, and ensure that the necessary financial and human resources are adequate to achieve the Group’s goals;
- c. review and approve the annual budget of the Group;
- d. ensure that there is an ERM framework and a sound system of internal controls to safeguard shareholders’ interests and the Group’s assets;
- e. review the business performance of the Group and approve the release of the half-year and full-year results and any other announcements;
- f. endorse the framework of remuneration for the Board and key management personnel (“**KMP**”) (being the Group CEO, the Chief Executive Officer of Far East Hospitality, the CFO and any other persons having authority and responsibility for planning, directing and controlling the activities of the Group);
- g. identify the key stakeholder groups and recognise that their perceptions affect the Group’s reputation;
- h. set the Group’s values and standards and ensure that obligations to shareholders and other stakeholders are understood and met; and
- i. set the sustainability direction for the Group, providing oversight and management of ESG risks and opportunities.

## CORPORATE GOVERNANCE

### *Independent Judgement and Proper Accountability*

The Board and Management are guided by a CG Policy Manual, which encapsulates the terms of reference for the Board and each Board Committee, and is aligned with the Code. In FY2023, the terms of reference in the CG Policy Manual were updated for alignment with the January 2023 revisions to the Code. The Group's employees are also guided by its Code of Conduct and Employee Handbook which are published on the intranet and which prescribes the standards of ethical behaviour.

The CG Policy Manual directs the Board and Management to adhere to the approved policies and schemes, including the Board Diversity Policy, the Dividend Policy and Scrip Dividend Scheme, the IR Policy, the Security Trading Policy and Whistleblowing Policy. It comprehensively addresses declaration and disclosure obligations, covering areas such as independence, listed company directorships and principal commitments, declaration of any relatives in managerial positions and conflicts of interest.

To address and manage possible conflicts of interest that may arise between Directors' interests and those of the Group, the Company has put in place appropriate procedures including requiring (i) Directors to declare upfront at each Board meeting, any conflict of interest to any proposal or papers submitted for discussion at such Board meeting, and (ii) for such Directors to refrain from participating in meetings or discussions (or relevant segments thereof) in addition to abstaining from voting, on any matter in which they are so interested or conflicted. Each Director is also required to submit details of his/her associates for the purpose of monitoring IPTs annually.

The CG Policy Manual makes clear that every Director is expected to objectively discharge his/her duties and responsibilities, to act in good faith, provide insights and consider the interests of the Group at all times. The Directors have the right core competencies and experience to enable the Board to contribute effectively.

### *Delegation by the Board*

The Board has established three board committees ("**Board Committees**") to assist in the execution of its responsibilities. They are the ARC, the RC and the NC. Each Board Committee is governed by clear terms of reference setting out its role, authority, duties and responsibilities, as well as qualifications for committee membership in line with the Code, which has been approved by the Board.

Authority has been delegated to Management to approve transactions below certain thresholds, which are set out in a structured Delegation of Authority Matrix.

Notwithstanding the above, the Board Committees and Management remain accountable to and report back to the Board. Minutes of meetings of all Board Committees in FY2023 were provided to the Board, and the Chair of each Board Committee provided updates at Board meetings in FY2023 of matters discussed in Board Committee meetings. The activities of each Board Committee in FY2023 are disclosed under the respective principles of this report.

## CORPORATE GOVERNANCE

### Board and Board Committees Meetings

The Board meets at least quarterly, or more frequently when required or appropriate, to review and evaluate the Group's performance and address key matters. The Board and Board Committees' meetings are planned one year in advance to ensure maximum attendance by the participants, and the meeting schedule is circulated to the Directors prior to the start of the financial year. Directors are expected to attend all Board meetings and meetings of the Board Committees on which they serve. If a Director is unable to physically attend a meeting of the Board or a Board Committee, he/she may attend by telephone or video-conference which is allowed under the

Company's Constitution. The agendas and meeting materials are circulated to the Board and Board Committees about one week before the meetings to allow for sufficient time to review prior to the meeting. The Board and Board Committees may also make decisions by way of circulating resolutions.

The attendance of the Directors and Group CEO at scheduled meetings of the Board and Board Committees and the AGM held in FY2023 is disclosed below. The Directors with multiple board representations have ensured that sufficient time and attention are given to the affairs of the Company.

	AGM	Board of Directors	ARC	NC	RC
<b>No. of Meetings Held</b>	<b>1</b>	<b>6</b>	<b>5</b>	<b>2</b>	<b>3</b>
<b>Names of Directors</b>	<b>Number of Meetings Attended</b>				
Koh Kah Sek <sup>(1)</sup>	1	5	-	2	-
Ramlee Bin Buang	1	6	5	2	-
Alan Tang Yew Kuen <sup>(2)</sup>	1	6	5	2	3
Ee Choo Lin Diana	1	6	5	-	3
Shailesh Anand Ganu <sup>(3)</sup>	1	5	-	2	3
Ku Xian Hong	1	6	5	-	-
Samuel Gene Rhee <sup>(4)</sup>	1	5	-	2	3

<sup>1</sup> Board Chair Ms Koh Kah Sek was recused from an ad-hoc Board meeting in FY2023 due to potential conflict of interest.

<sup>2</sup> Group CEO and Executive Director Mr Alan Tang was invited to attend all the ARC, NC and RC meetings held in FY2023.

<sup>3</sup> Mr Shailesh Anand Ganu was unable to attend an ad-hoc Board Meeting in FY2023 that was called at short notice.

<sup>4</sup> Mr Samuel Gene Rhee was unable to attend an ad-hoc Board Meeting in FY2023 that was called at short notice.

## CORPORATE GOVERNANCE

### Board Approval

#### Material transactions

The Company has a structured Delegation of Authority Matrix and internal guidelines regarding matters that require Board approval. The types of material transactions which require Board approval include:

- a. transactions in the ordinary course of business that have not been delegated by the Board to any Board Committee for approval;
- b. major transactions not in the ordinary course of business;
- c. bank borrowings;
- d. provision of corporate guarantees or other securities to secure loans granted to subsidiaries and associated companies;
- e. acquisition or disposal of fixed assets, save where authority has been delegated by the Board to any Board Committee for approval;
- f. equity or contractual JV; and
- g. diversification into new businesses.

#### Key Activities of the Board during FY2023

Regular agenda items:

- Quarterly updates on the businesses
- Quarterly review of ERM and environmental, social and governance aspects of sustainability and climate risks
- Quarterly review of financial and operational performance including compliance of financial covenants and cash flow projection
- Review and approval of all announcements including full-year results and year-end financial statements
- Conflict of interest and register of IPTs
- Disclosure of Directors' interests pursuant to the Companies Act and the Securities and Futures Act
- Reports of the ARC, NC and RC

Other key agenda items considered during FY2023:

- Discussion and approval of the Company's 5-year strategy (FEOR25) and the 2023 strategic asset plans, cost of funds and hurdle rates
- Sustainability disclosures
- Cybersecurity matters
- Business opportunities
- New banking relationships
- Material developments relating to accounting, risk management, sustainability reporting, legal, regulatory and/or corporate governance issues
- Adequacy and effectiveness of the internal controls and risk management systems of the Group
- Review of the independence, effectiveness and adequacy of resources for the internal audit function

Matters reserved for Board recommendation/approval annually:

- Documents for distribution to shareholders including the Annual Report, Sustainability Report and Audited Financial Statements
- Annual budget and business plan
- Dividend payout
- Remuneration of the Executive Director(s), Non-Executive Directors ("NEDs") and KMP
- Retirement and re-election of Directors
- Appointment and re-appointment of external auditors

## CORPORATE GOVERNANCE

### **Board Training and Orientation**

Directors receive a comprehensive induction when they are first appointed to the Board. New Directors are provided with relevant information on the Group's business activities, strategic directions, policies and procedures relating to corporate conduct and governance, including disclosure of interests in securities, restricted periods for dealings in the Company's securities and restrictions on disclosure of confidential or price-sensitive information. If the new Director is also appointed to a Board Committee, relevant information on the duties of such Board Committee is also provided. If there are first-time Directors appointed, the Group will provide in-house training for them in areas such as accounting, legal and industry-specific knowledge as appropriate, and direct them to attend external training courses including those conducted by the SID, at the Company's cost. Each newly appointed Director is also provided with a formal letter setting out the Director's duties and obligations, including pertinent obligations under the Companies Act, the Securities and Futures Act, the Listing Rules and the Code, and a director tool-kit containing among others, the Company's Annual Report and the detailed Group organisation structure.

The Company is responsible for funding and arranging regular training for the Directors from time to time, particularly on changes in the relevant laws, regulations and changing commercial risks to enable them to make well-informed decisions in carrying out their expected roles and responsibilities. Changes to regulations and accounting standards are monitored closely by Management, and Directors are briefed during Board meetings or at specially convened sessions conducted by professionals, on regulatory changes that have any significant bearing on the Group's or Directors' obligations. Directors are provided with opportunities to attend appropriate courses, conferences and seminars.

In FY2023, the Company's Directors attended training programmes by providers such as SIAS, Singapore Hotel Association, Deloitte, CPA Australia and SID, covering a wide

range of topics including audit committee matters, cyber risk, board leadership in sustainability, climate risk reporting, SIAS Corporate Governance Conference, SID's Singapore Governance and Transparency Forum and the SID Directors Conference 2023 among others.

The Company will arrange a comprehensive induction for Mr Chan Hon Chew who joined the Board as an ID on 6 March 2024.

### **Complete, Adequate and Timely Information**

The Board has separate and independent access to Management. Management also keeps the Board apprised of the Group's operations and performance by providing regular management reports. To ensure that the Board is able to fulfil its responsibilities, Management is required to provide complete, adequate and timely information to the Board on issues that require their decision. Whenever appropriate, employees who can provide additional insight in the matters to be discussed are invited to attend the Board meetings.

Board papers and related materials are disseminated about one week in advance to the Board and the Board Committees, giving the Directors sufficient time to review the relevant information. In line with the Company's sustainability efforts and for efficiency, the Company subscribes to a secure electronic board portal to electronically disseminate board papers and materials. Directors can access the board portal through a secure log-in process from any device, which eliminates the need to circulate hard copies.

### **Provision of Information to the Board**

Information provided include board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and quarterly internal financial statements. Material variances between the actual results and forecast and budgets are also discussed and explained by Management to the Board.

## CORPORATE GOVERNANCE

### Company Secretary

The Directors have separate and independent access to the Company Secretary through electronic mails, telephone and face-to-face meetings. The role of the Company Secretary includes attendance at all Board meetings, preparation of the agenda and papers for meetings of the Board and Board Committees, taking and circulating minutes of meetings, sending the Board information relating to the Group as needed, advising the Board on corporate and administrative matters, ensuring that Board procedures are followed and that applicable rules and regulations including requirements of the Code, Companies Act, Securities and Futures Act and Listing Rules are complied with, facilitating orientation and assisting with professional development for the Board. The Company Secretary also ensures good information flow within the Board and Board Committees and between the Management and NEDs, advising the Board on all governance matters. In FY2023, the Company Secretary attended the AGM and all meetings of the Board and Board Committees save for 1 ARC Meeting.

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

### Independent Professional Advice

The Board has a procedure for Directors (individually or as a group), if necessary, to seek independent professional advice in the furtherance of their duties, at the Company's expense. This includes access to a reputable law firm which has been appointed by the Company as corporate governance advisor.

### 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.**

### Board Size and Composition

The Board comprised seven Directors in FY2023, the majority of whom are non-executive. The only Executive Director is the Group CEO.

There is a strong element of independence on the Board, as the IDs constitute a majority of the Board. The Board's decision-making process is not dominated by any individual or small group of individuals. While the Board Chair is a non-independent non-executive Director ("**NI-NED**"), the Company has complied with the Code's requirement for IDs to make up a majority of the Board when the Chair is not an ID.

Each Director is required to complete annually a detailed self-assessment questionnaire on his/her independence. For FY2023, the questionnaires were premised on Rule 210(5) (d) of the Listing Rules, Provision 2.1 of the Code, and the circumstances set out in Practice Guidance 2. The completed questionnaires were collated and reported to the Board.

For FY2023, four Directors provided declarations to confirm that they do not have any relationship with the Company or its related companies and its officers that could impair, interfere, or be reasonably perceived to interfere, with their judgement in the best interests of the Company, and are to be considered IDs. They are Mr Ramlee Bin Buang, Mr Shailesh Anand Ganu, Ms Ku Xian Hong and Mr Samuel Gene Rhee. The NC and Board observed many occasions where Mr Ramlee, Mr Ganu, Ms Ku and Mr Rhee debated issues, objectively scrutinized and challenged Management, and provided impartial and autonomous views, and following deliberation, concurred that they are all independent. Each ID abstained from deliberations on his/her independence.

As Mdm Ee Choo Lin Diana has served the Board for more than nine years, with effect from 1 January 2022, she was re-designated as a NI-NED. Nonetheless, Mdm Ee continues to demonstrate strong independence in character and judgement, and provides impartial and autonomous views.

Mr Chan Hon Chew joined the Board on 6 March 2024, and he is considered an ID. He will retire at the Company's upcoming AGM and seek re-election.

Mr Rhee is retiring from the Board at the conclusion of the Company's upcoming AGM on 25 April 2024 and will not seek re-election.

## CORPORATE GOVERNANCE

The Board is of the view that its size and the size of each Board Committee is appropriate and facilitates effective decision-making, taking into account the scope and nature of the Group's operations.

### **Board Competency and Diversity Policy**

The Company is compliant with Rule 710A(2) of the Listing Rules. The Board comprises respected members of the business community, female and male, across diverse age ranges, with long and extensive experience in various fields, including real estate, engineering, hospitality, investment, corporate management, accounting, and human capital. The Board finds the core competencies of the Directors, which include industry knowledge, strategic planning and customer-based experience, to be relevant and beneficial to the Group, both in the context of the Group's current plans and future strategy.

When deciding on the appointment of new directors to the Board, the NC and the Board will consider various factors such as scope and nature of the Group's operations, skills, knowledge, experience, gender, age and competencies of the candidates that are required on the Board and Board Committees, conflicts of interest, time commitments, the prevailing Board Skills Matrix, the Board Succession Planning Policy and the Board Diversity Policy. The Skills Matrix of the current Board was formalized in FY2023, along with a list of the knowledge/skillsets and expertise desired of the Board.

The Board Diversity Policy was established since 2018 as the NC and Board firmly believe that board diversity enhances decision-making capability and fosters constructive debate. The Board agreed that diversity is a wide-ranging concept and covers aspects ranging from industry knowledge, professional experience, educational qualifications, gender, age, ethnicity and nationality, among others. While all appointments to the Board will continue to be made based on merit, in making recommendations on Board appointments, the NC will consider all aspects of diversity to achieve an optimal composition for the Board.

The Board Diversity Policy sets out two specific targets addressing age and gender, and the practical measures which may be implemented to meet such targets. The age target is to

have directors of different age ranges (so that the Board will not consist of directors only in a particular age band). The gender target is for women to comprise at least 20% of the Board. Both targets were met and maintained throughout FY2023 and to-date. The Board comprises Directors of various ages (ranging from 40s to 60s). In terms of gender diversity during FY2023, three of the seven Directors or 42.8% are women. A profile of each Director is found in the "Board of Directors and Management" section of this Annual Report.

### **Role of NEDs**

The NEDs are well-supported by accurate, complete and timely information from Management. They engage in open and constructive debate and challenge Management on its assumptions and proposals, which are fundamental to good corporate governance. They aid in the development of growth strategies and oversee effective implementation by Management to achieve set objectives. They also monitor the performance of the Group.

NEDs have unrestricted access to Management. When NEDs are unable to attend any Board or Board Committee meetings, they may provide their comments to the Chair of the Board or the relevant Board Committees separately. The NEDs constructively challenge and help develop proposals on strategy formulated by Management. They also review the performance of Management in meeting agreed goals and objectives and monitor the reporting of financial and operational performances.

### **Meetings of NEDs, and of IDs, without the presence of Management**

In FY2023, the NEDs met regularly without the presence of Management, and discussed matters ranging from internal audit and external audit matters to the performance of Management.

In FY2023, the IDs, led by the lead ID ("**Lead ID**"), met periodically without the presence of other Directors and Management and discussed matters including succession planning and remuneration, and where appropriate they provided feedback to the Board Chair after such meetings.

## CORPORATE GOVERNANCE

### Chair 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.**

### Separate Persons Acting as Chair and Group CEO

The roles and responsibilities of the Chair and the Group CEO are distinct and separate to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The division of responsibilities between the Chair and the Group CEO are clearly established in the Group's CG Policy Manual. The Chair and the Group CEO are not related family members. The Chair and the Group CEO are also not related to any substantial shareholder of the Company.

### Roles of Chair

Ms Koh Kah Sek assumed the role of Chair on 18 April 2022. The Chair is responsible for leading the Board and ensuring the effectiveness of the Board and Board Committees as well as the governance process.

The other roles of the Chair include the following:

- a) schedule meetings that enable the Board to perform its duties responsibly while minimising disruptions to the Company's operations;
- b) ensure sufficient allocation of time for thorough discussion of Board meeting agenda items;
- c) promote an open environment for debate at the Board;
- d) foster constructive dialogue between shareholders, the Board and Management at AGMs and other shareholders' meetings;
- e) encourage constructive relations within the Board and between the Board and Management;
- f) ensure that NEDs are able to speak freely and contribute effectively; and
- g) promote high standards of corporate governance.

### Roles of Group CEO

Mr Alan Tang Yew Kuen was appointed as the Group CEO on 1 January 2020. The roles and responsibilities of the Group CEO are clearly defined in his service contract with the Company and includes managing and supervising the day-to-day business operations in accordance with the strategies, policies and business plans approved by the Board.

### Lead ID

The Company has a Lead ID as the Chair is not an ID. Mr Ramlee Bin Buang was appointed as Lead ID on 1 January 2023. The Lead ID is a key member of the Board, representing the views of the IDs and providing a channel to the NEDs for confidential discussions on any concerns, and facilitating a two-way flow of information between shareholders, the Chair and the Board.

Shareholders with concerns may contact the Lead ID directly if contact through the normal channels via the Chair or Management is inappropriate or has failed to provide satisfactory resolution. The Lead ID's email address is [lead\\_independent\\_director@fareastorchard.com.sg](mailto:lead_independent_director@fareastorchard.com.sg), which is also listed on the Company's website.

### 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.**

### NC Composition and Key Terms of Reference

During FY2023, the NC comprised four NEDs, the majority of whom, including the NC Chair, are independent. In FY2023, the Lead ID was a NC member.

#### FY2023 NC Composition

Mr Samuel Gene Rhee (ID) as NC Chair

Mr Ramlee Bin Buang (Lead ID)

Ms Koh Kah Sek (NI-NED)

Mr Shailesh Anand Ganu (ID)

## CORPORATE GOVERNANCE

The composition of the NC was refreshed from 1 January 2023, when ID Mr Samuel Gene Rhee was appointed as NC Chair, NI-NED Ms Koh Kah Sek was appointed as NC member, and NC member Mr Ramlee Bin Buang was appointed as Lead ID. The refreshing of the NC's composition was part of the Board renewal process which involved the retirement of the former Lead ID and former NC Chair on 31 December 2022.

The principal functions of the NC under its terms of reference are to:

- a. identify and nominate new Directors for appointment to the Board and Board Committees, after evaluating factors such as the candidate's experience, knowledge, skills, age and gender in relation to the needs of the Board, whether the candidate will add diversity to the Board having regard to the Board Diversity Policy and Board Skills Matrix, the composition and progressive renewal of the Board and Board Committees, and whether it is ideal to appoint an independent third party search firm to source and screen candidates;
- b. develop and maintain a formal and transparent process for the appointment of new Directors to the Board, which includes disclosing to the Board the channels used in searching for candidates, and the criteria used to identify and evaluate the candidates;
- c. provide nominations for the re-appointment of a Director having regard to the Director's performance, tenure, commitment and ability to continue contributing to the Board, and how the Director will fit in the overall competency, performance and diversity of the Board;
- d. recommend retirement of Directors at regular intervals and arrange all Directors to submit themselves for re-nomination and re-appointment at least once every three years in accordance with the Listing Rules;
- e. identify and develop training and professional development programmes for the Board and Board Committees, and review these annually;
- f. provide the Board with succession plans for the Chair and Directors and KMP;
- g. review the independent status of NEDs and assess the independence of the Directors annually having regard to the Listing Rules, the Code, and the Practice Guidance, among others;
- h. review the appropriate structure, composition and size of the Board and Board Committees for effective decision-making and constructive debate;
- i. develop and maintain a formal annual assessment process and objective performance criteria to evaluate the effectiveness of the Board, its Board Committees and the contribution by each Director (including the Chair) to the effectiveness of the Board, and to analyse the findings of the performance evaluation sheets submitted; and
- j. to provide a reasoned assessment of a Director's ability to diligently discharge his/her duties where such Director holds a significant number of listed company directorships and principal commitments.

In FY2023, the NC held two meetings. In those meetings, the NC carried out all its principal functions as listed above. After each NC meeting, the NC Chair provided updates and relevant recommendations to the Board.

### **Board Renewal, Roles and Responsibilities**

The Board's renewal is an on-going process, to ensure good governance and to maintain relevance to the business as well as the changing needs of the Group. New Directors are appointed by way of a Board Resolution, after the NC recommends their nominations.

The Board Succession Planning Policy together with a Board Skills Matrix and the Board Diversity Policy serves as a guide to the NC in the identification, nomination and appointment of new Directors to the Board. The Board Succession Policy was updated in FY2023 for alignment with the changes to the SGX Listing Rules relating to deemed non-independence when a director has served for an aggregate of more than 9 years.

Throughout FY2023 and to-date, IDs continue to make up a majority of the Board.

The NC is charged with the responsibility of re-nominating the Directors. The Company's Constitution requires one-third, or the number nearest to one-third of the Directors, to retire from office. The Directors to retire every year are those who have been longest in office since their last election. In line with SGX Listing Rule 720(5), all Directors are required to submit themselves for re-nomination and re-election at least once every three years. In addition, a newly appointed Director will hold office only until the next AGM at which he/she will be eligible for re-election.

## CORPORATE GOVERNANCE

Each NC member abstains from voting on any resolution, making any recommendation and/or participating in respect of matters in which he/she is the subject or interested in.

Directors who are subject to retirement by rotation in accordance with the Company's Constitution and who are seeking re-election at the forthcoming AGM scheduled on 25 April 2024, are named in the Notice of AGM on page 158 of this Annual Report.

### **Review of Directors' Independence**

The NC conducts an annual review of the independence of each Director, with full regard to the Listing Rules, the Code, the Practice Guidance and having considered the self-assessment of independence submitted by each Director to the NC, details of which were explained above. The NC provides its views on the independence of the Directors to the Board for consideration. The NC is also committed to reassessing the independence of each individual Director as and when warranted. Directors are required to notify the Board of any changes to their external appointments, interests in shares, and other relevant information which may affect their independence.

Based on the review for FY2023, the NC is satisfied that Mr Ramlee Bin Buang, Mr Shailesh Anand Ganu, Ms Ku Xian Hong and Mr Samuel Gene Rhee are independent.

### **Multiple Board Representations**

When a Director has multiple board representations or principal commitments, the NC also considers whether or not the Director is able to and has adequately carried out his/her duties as a Director of the Company. The NC will consider factors such as degree of participation by a Director at meetings and in considering issues, and the quality of contributions made by a Director, as well as attendance since Board and Board Committee meetings are scheduled in advance to facilitate the Directors' scheduling of their commitments.

Since FY2023, the NC and Board agreed on a guideline of a maximum of four other directorships in unrelated listed companies for each Director, noting the significant time commitment required of directors on listed companies. Through FY2023 and to-date, there were no Directors who exceeded this internal guideline limit. In FY2023, three Directors held one other directorship in unrelated listed companies. The NC reviewed each Director's other directorships, principal

commitments, attendance, performance and contributions to the Board, and noted the full attendance of all Directors at the AGM, all scheduled Board meetings (save for one ad-hoc Board meeting) and all Board Committee meetings. The NC is satisfied that all Directors have given sufficient time and attention to the Company's matters and have diligently discharged their duties for FY2023.

### **Appointment of Alternate Director**

The Company did not have any alternate director on its Board during FY2023. The Company discourages the appointment of alternate directors as it is an indication that the principal director is not able or prepared to commit the time required for the Company's affairs.

### **Nomination and Selection of Directors**

The Board will be an optimal size following the appointment of a new ID, Mr Chan Hon Chew, on 6 March 2024 and the upcoming retirement of ID Mr Samuel Gene Rhee at the conclusion of the Company's AGM on 25 April 2024. The Board Succession Planning Policy and service tenure chart of the Board accompanied by a checklist process, guides the NC in the identification, nomination and appointment of new Directors to the Board. The various factors to be considered by the NC when identifying and evaluating potential new directors are set out therein. The criteria include relevant experience, skillsets, qualifications, whether they have the calibre to contribute to the Group and its businesses, whether they complement the skills, competencies and attributes of the existing Board, the requirements of the Group, and their independence status. The NC will also consider the Company's current Board in terms of its size, composition, collective skills and experience and diversity, the Board Skills Matrix, and the targets in the Board Diversity Policy. The NC has also noted the updated Practice Guidance 4 issued in March 2022 and if/when assessing potential new Directors, the NC will take into consideration whether he/she has had previously served on the board of a company with an adverse track record or with a history of irregularities or is or was under investigation by regulators and seek clarity on the director's involvement. The NC will also assess whether a director's resignation from the board of any such company casts any doubt on his/her qualification and ability to act as a director of the Company. The concerns raised in this updated Practice Guidance 4 are not applicable to the current Board.

## CORPORATE GOVERNANCE

Potential new directors are shortlisted after conducting external searches and/or tapping on internal resources and referrals from existing Directors. The potential candidates are required to provide their curriculum vitae and the following key information to the NC: (a) any relationships including immediate family relationships between the candidate and the Directors, the Company or its 5% shareholders; (b) a list of all current directorships in other listed companies; (c) details of other principal commitments; and (d) any shareholding (including immediate family's shareholding) in the Company and its related corporations.

The NC meets with each shortlisted candidate personally to assess suitability and to ensure that the candidate is aware of the expectations and the level of commitment required. Thereafter, the NC makes a recommendation to the Board for approval.

### Key Information of Directors

Key information regarding the Directors including academic and professional qualifications, membership or chairmanship in the Group's Board Committees, date of first appointment and last re-appointment, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments are listed in the "Board of Directors and Management" section and "Notice of Annual General Meeting" section of this Annual Report. Information on the Directors is also available on <https://www.fareastorchard.com.sg/board-of-directors-and-management.html>.

### 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.**

### Board Evaluation Process

The responsibilities of the NC include evaluating the performance and effectiveness of the Board, the Board Committees and the contribution by the Chair and each Director, based on a set of criteria. The Board and each Board Committee carefully considered the sample evaluation forms in SID's NC Guidebook before preparing separate forms for evaluation of the Board,

the ARC, the RC and the NC. These forms were specifically designed to focus on the specific roles and performance of the Board and each Board Committee.

The annual evaluation process involves each Director completing performance evaluation forms on the Board and each relevant Board Committee on which he/she is a member of, including the chair of such Board Committee. Each Director is also to complete a self-assessment performance evaluation form. Directors are encouraged to provide comments or suggestions for improvement in these forms.

The Company subscribes to a secure electronic board portal and utilises its survey tools to conduct the annual evaluation process. The findings from the performance evaluation forms are collated and presented by the Company Secretary to the NC for review. The NC considers the actions appropriate or beneficial to improve the corporate governance and effectiveness of the Board and Board Committees, before it presents the results of the evaluation exercise and its recommendations to the Board. The NC and the Board were satisfied with the overall results of the assessment for FY2023.

The NC agreed that there was no need to appoint any external facilitator to assist in the assessment for FY2023 and that it will suffice for the NC Chair to speak with the Directors individually on how to improve effectiveness of the Board and Board committees.

### Board and Board Committee Performance Criteria

The Board and each Board Committee are evaluated on a range of criteria including competencies, attendance, guidance provided in relation to the Company's performance, degree of preparedness, participation and candour of Directors, contribution to effective risk management, timeliness in response to resolution of issues, adequacy and conduct of Board and Board Committee meetings, succession planning, and communication lines with Management and shareholders.

The Board is committed to guide the Company towards achieving its growth targets identified in the Company's 5-year business plan.

## CORPORATE GOVERNANCE

### *Individual Director Evaluation*

Annually, each Director completes a self-assessment performance evaluation form of his/her prior year's performance, designed to remind each Director of his/her continued role and commitment to the Board. For FY2023, the NC took note of each Director's attendance at and preparation for Board meetings and relevant Board Committee meetings, constructive participation in discussions, and application of skillset to the decision-making process.

The results of the performance evaluations are taken into consideration when the NC conducts its regular review in consultation with the Board Chair, on the appropriate composition for the Board and Board Committees and whether it would be appropriate or beneficial to propose changes to such composition.

### 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.**

#### *RC Composition and Key Terms of Reference*

During FY2023, the RC comprised three NEDs, the majority of whom, including the RC Chair, are independent.

#### FY2023 RC Composition

Mr Shailesh Anand Ganu (ID) as RC Chair

Mdm Ee Choo Lin Diana (NI-NED)

Mr Samuel Gene Rhee (ID)

The principal functions of the RC under its terms of reference are to:

- a. review and recommend to the Board, a formal and transparent procedure for determining the remuneration of the Company's Directors, including NEDs and the Executive Director(s);
- b. review and recommend to the Board, a remuneration framework for Directors' fees (covering all aspects of remuneration) and the appropriateness of remuneration awarded to attract, retain and motivate Directors, having regard to factors including but not limited to the effort, time spent and responsibilities of the Director;
- c. review and recommend to the Board, a remuneration framework for KMP (including the Group CEO), with remuneration packages designed to align interest with shareholders and the Company's long-term goals, promoting long-term corporate value creation;
- d. review and recommend to the Board, proposed performance measures and targets for any performance-related pay schemes operated by the Company, and specific remuneration packages for each KMP covering all aspects of remuneration, including but not limited to salaries, allowances, bonuses, options and long-term incentives;
- e. review the design of all short-term and long-term incentive plans for approval by the Board and shareholders, with consideration of the use of long-term incentives such as share schemes (if appropriate) for KMP;
- f. review the level and structure of pay and employment conditions for KMP relative to internal and external peers from companies in the same industry to ensure that KMP are appropriately remunerated;
- g. oversee any major changes in employee benefits or remuneration structures and review the ongoing appropriateness and relevance of the Company's remuneration policy; and
- h. ensure that contractual terms and any termination payments for KMP are fair to the individuals and to the Company, and that poor performance will not be rewarded.

In FY2023, the RC held three meetings, during which the RC carried out all its principal functions as listed above.

#### *RC's Access to Advice on Remuneration Matters*

The RC has access to appropriate advice from the Head of Human Resources, who is invited to all RC meetings. The RC may also seek external expert advice on the remuneration of Directors and employees as and when the need arises. In its deliberations, the RC takes into consideration industry practices and norms in compensation, the Group's relative performance to the industry, and the performance of individual Directors.

## CORPORATE GOVERNANCE

### Remuneration Framework

The RC reviews and recommends to the Board a general framework of remuneration for the Board as well as the entire Group, with a goal to recruit, motivate and retain employees through competitive compensation. The RC annually reviews the overall annual increment and bonus framework for Group employees, before putting forth its recommendations to the Board for approval.

The RC reviews and recommends to the Board the specific remuneration packages for the Executive Director/Group CEO and the other KMP upon recruitment. Subsequently, various aspects of their remuneration will be reviewed by the RC for recommendation to the Board from time to time, and the Board will annually review and approve their remuneration.

The members of the RC do not participate in any decisions concerning their own remuneration.

The RC and the Board are satisfied that the fee structure for the Board (which was reviewed after a benchmarking study in 2023) is appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company. NEDs do not receive any variable incentives or equity grants.

### Service Contracts

The RC has reviewed the Company's obligations arising in the event of termination of the Executive Director/Group CEO and other KMP's service contracts and is of the view that such service contracts contain fair and reasonable termination clauses which are not overly generous nor reward poor performance.

### 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.**

### Remuneration of Executive Director and KMP

The Company has one Executive Director who is the Group CEO, Mr Alan Tang Yew Kuen. He does not receive any additional Directors' fees, as his Executive Director role has been factored into his Group CEO remuneration package.

The identities of the top five KMP (who are not Directors or the Group CEO) are set out in Principle 8.

The service contracts of the Company's Executive Director/Group CEO and the other top five KMP comprise both fixed and variable components. The fixed component comprises base salary, fixed allowances, and central provident fund contributions. The variable component comprises a cash-based annual short-term incentive (that is performance-related and is linked to the Company's and the individual's performance) and a long-term incentive scheme as detailed below. In structuring their remuneration packages, the RC and Board take into account the performance of the Group and the individual, and risk policies of the Group, so as to be symmetric with risk outcomes and sensitive to the time horizon of risks. The variable components are designed to align remuneration with the interest of shareholders and to promote the long-term success of the Group. The RC and the Board have deliberated and are assured that the current level and structure of the remuneration of the Company's Executive Director/Group CEO and the other top five KMP are aligned with the long-term interests and risk management policies of the Company, and are appropriate to retain and motivate them to successfully manage the Group for the long-term.

### Long-term Incentive ("LTI")

The Group has a LTI scheme for KMP and selected senior executives. Through the LTI scheme, the Group seeks to drive long-term business value creation, and ensure the alignment of longer-term interests among the LTI participants and those of shareholders and stakeholders. Through the LTIs, the Group seeks to motivate and retain key talents that are responsible for achieving the Group's long-term objectives.

The LTIs are cash-based, with a forward-looking three-year performance period, and performance metrics tied to the Group's long-term strategic objectives. Since FY2023, the LTI includes ESG targets to achieve the Group's long-term strategic sustainability objectives. Aligned with strong pay-for-performance principles, LTI outcomes are not guaranteed, and are subject to the achievement of stretched goals and long-term priorities set by the Board. As the LTIs are cash-based, they do not dilute the current shareholders of the Company. The Group does not have any employee share scheme.

## CORPORATE GOVERNANCE

### Remuneration of NEDs

NEDs are paid a base retainer fee that varies depending on whether he/she serves as Board Chair, or as an ID or a NI-NED. The NEDs receive additional fees if they serve as the Lead ID or as a chair or member of the various Board Committees. NEDs do not receive any variable incentives or equity grants. The fee structure is presented under Principle 8 of this Report.

At the AGM of each financial year, the Company will seek shareholders' approval for the aggregate of the fees that may be paid to the Board in such financial year ("**Directors' Fees**"). Consistent with prior years, a sum of up to S\$520,000 as total pool for the NED fees for FY2024 will be recommended by the Board for shareholders' approval at the forthcoming AGM.

The Directors' Fees framework is evaluated at least annually for appropriateness, taking into account the level of contribution, the responsibilities and obligations of the Directors, the prevailing market conditions, the most recent bench-marking report (if any) and referencing the Directors' Fees against comparable and independent benchmarks. A bench-marking study was done in FY2023 and following the RC's review, no changes were made to the Directors' Fees framework.

The RC is of the view that the remuneration is appropriate to attract, retain and motivate the NEDs and they are not over-compensated to the extent that their independence may be compromised.

### Contractual Provisions for Executive Director and KMP

The Company's LTI plan contains contractual provisions to reclaim vested or cancel unvested amounts from all LTI participants including the Executive Director/Group CEO and other KMP in the event of a breach of obligations, laws or regulations. There are no excessively lengthy or onerous removal clauses in their service contracts.

### 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.**

### Annual Remuneration Report

For FY2023, there were no termination, retirement or post-employment benefits granted to any Director or KMP. The breakdown of the remuneration of Directors and KMP for FY2023 is reported below.

### Disclosure of Directors and Group CEO's Remuneration

#### Breakdown of Level and Mix of Directors' Fees

Save for Directors' Fees, the Directors do not receive any other form of remuneration or payment from the Company. A breakdown showing the level and mix of the Directors' Fees for FY2023 is appended below:

	Fees Per Approved Framework (S\$)
<b>Base Retainer Fee:</b>	
Board Chair	70,000
ID	40,000
NI-NED	35,000
Executive Director	Nil
<b>Lead ID</b>	17,000
<b>Board Committees:</b>	
<b>Audit &amp; Risk Committee</b>	
- Chair	38,500
- Member	19,000
<b>Remuneration Committee</b>	
- Chair	14,000
- Member	7,500
<b>Nominating Committee</b>	
- Chair	14,000
- Member	7,500

## CORPORATE GOVERNANCE

### **Breakdown of Directors' Fees received by each Director**

A further breakdown of the aggregate Directors' Fees received by each Director for FY2023 is appended below.

Name of Director	Aggregate Director Fee (S\$)
Koh Kah Sek	77,500
Ramlee Bin Buang	103,000
Alan Tang Yew Kuen	Nil
Ee Choo Lin Diana <sup>1</sup>	96,500
Shailesh Anand Ganu	61,500
Ku Xian Hong	59,000
Samuel Gene Rhee	61,500

**Notes:**

<sup>1</sup> The Directors' Fees received by Mdm Ee include fees for her directorships on the board of FEHH (S\$10,000) and Toga Hotel Holdings Pty Limited (director and member of the ARC of the trustee board) (S\$25,000).

### **Disclosure of Remuneration of the Group CEO**

The remuneration of the Group CEO for FY2023 is disclosed as follows:

Group CEO	Base Salary <sup>1</sup> (\$)	Short-term Incentives (\$)	Long-term Incentives <sup>2</sup> (\$)	Benefits-in-kind (\$)	Total (\$)
Alan Tang Yew Kuen	621,548	250,000	235,232	66,609	1,173,389

**Notes**

<sup>1</sup> Inclusive of allowances and Central Provident Fund contributions.

<sup>2</sup> LTI amount is the value of contingent award granted in 2023. Payment is not guaranteed, and is subject to achievement of performance conditions over the period from 1 January 2023 to 31 December 2025.

## CORPORATE GOVERNANCE

### Disclosure of Remuneration of KMP

The compensation of the KMP consists of salary, allowances and bonuses. Bonuses are conditional upon the KMP and the Group meeting certain performance targets. A proportion of the remuneration of the KMP is linked to the Group and individual performances.

The Group has determined that it has five KMP (who are not Directors or the Group CEO) in FY2023. The aggregate of the total remuneration paid to them is S\$2,673,574. Their remuneration is also disclosed in percentage terms and in bands of S\$250,000 as follows.

KMP	Designation	Base Salary <sup>1</sup>	Short-term Incentives	Long-term Incentives <sup>2</sup>	Benefits-in-Kind
		%	%	%	%
<b>S\$750,000 - S\$999,999</b>					
Kiong Kim Hock Arthur	CEO, Far East Hospitality				
<b>S\$500,000 - S\$749,999</b>					
Joanna Gok Yin Yin	CFO				
Gill Ishwinder Singh	Chief Operating Officer, Far East Hospitality				
		73.5	11.3	12.7	2.5
<b>S\$250,000 - S\$499,999</b>					
Audrey Chung Suet Cheng	Deputy Director and Head of Global Sales & Marketing, Far East Hospitality				
Tan Thiam Soon	Head of Human Resources				

#### Notes:

<sup>1</sup> Inclusive of allowances and Central Provident Fund contributions.

<sup>2</sup> LTI amount is the value of contingent award granted in 2023. Payment is not guaranteed, and is subject to achievement of performance conditions over the period from 1 January 2023 to 31 December 2025.

## CORPORATE GOVERNANCE

### **No Employees with Relationships with a Director or the Group CEO or Substantial Shareholder of the Company**

None of the Company's substantial shareholders are employees. There are no Company employees who are an immediate family member of a Director or the Group CEO or a substantial shareholder of the Company.

### **Relationships between Remuneration, Performance and Value Creation**

The Company considers the achievement of sustainable income and long-term capital growth, and the provision of consistent and sustainable ordinary dividend payments on an annual basis, to be value creation for its shareholders. The Group also views the continuous enhancement of its sustainability practices to be value creation for its stakeholders.

The variable component of the remuneration of the Executive Director/Group CEO and other KMP is tied to certain performance conditions of the Group, including financial targets such as revenue and profit, and non-financial targets such as guest and customer satisfaction levels. These performance conditions align the Executive Director/Group CEO and other KMP with the short-term and long-term interests of the Group. The variable component of their remuneration was paid in accordance with those performance conditions which were met.

## 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 interest of the company and its shareholders.**

### **Accountability of the Board and Management**

The Board conducts itself in ways that deliver optimal sustainable value to the shareholders based on available information. The Board promotes best practices in providing timely and full disclosure of material information in compliance with the statutory reporting requirements. The Board is accountable to shareholders and is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects through SGXNet

announcements on a half-year and full-year basis as well as timely announcements of other matters as prescribed by the relevant rules and regulations.

The half-year unaudited financial results and full-year results of the Group for FY2023 were announced within the deadlines prescribed by the Listing Rules. In addition, the Company also provides voluntary interim business updates.

### **Compliance with Legislative and Regulatory Requirements**

In preparing the financial statements, the Board has selected suitable accounting policies and applied them consistently. The Board has made judgements and estimates that are reasonable and prudent and ensures that all applicable accounting standards have been followed. The financial statements were prepared on the basis that the Directors have reasonable expectations, having made enquiries, that the Group has adequate resources to continue operations for the foreseeable future.

The Board has taken adequate steps to ensure the Company's compliance with legislative and regulatory requirements, including requirements under the Companies Act and Listing Rules, for instance, by publishing its annual report, holding its AGM and making announcements of material corporate developments in a timely manner within required deadlines. Announcements are reviewed and approved by the Board before they are published. Relevant policies are also instituted, for example, the Company has a data protection policy and appointed data protection officers to oversee compliance with relevant data protection regulations in Singapore and overseas.

The Company confirms that undertakings under Rule 720(1) of the Listing Rules have been obtained from all its Directors and Executive Officers (as defined in the Listing Rules) in the format set out in Appendix 7.7 of the Listing Rules.

### **Management Accounts**

Management provides the Board with management accounts on a quarterly basis and other information in connection with matters or transactions which require Board approval. In this way, the Board is kept abreast of the operations, financial performance, position and prospects of the Group.

## CORPORATE GOVERNANCE

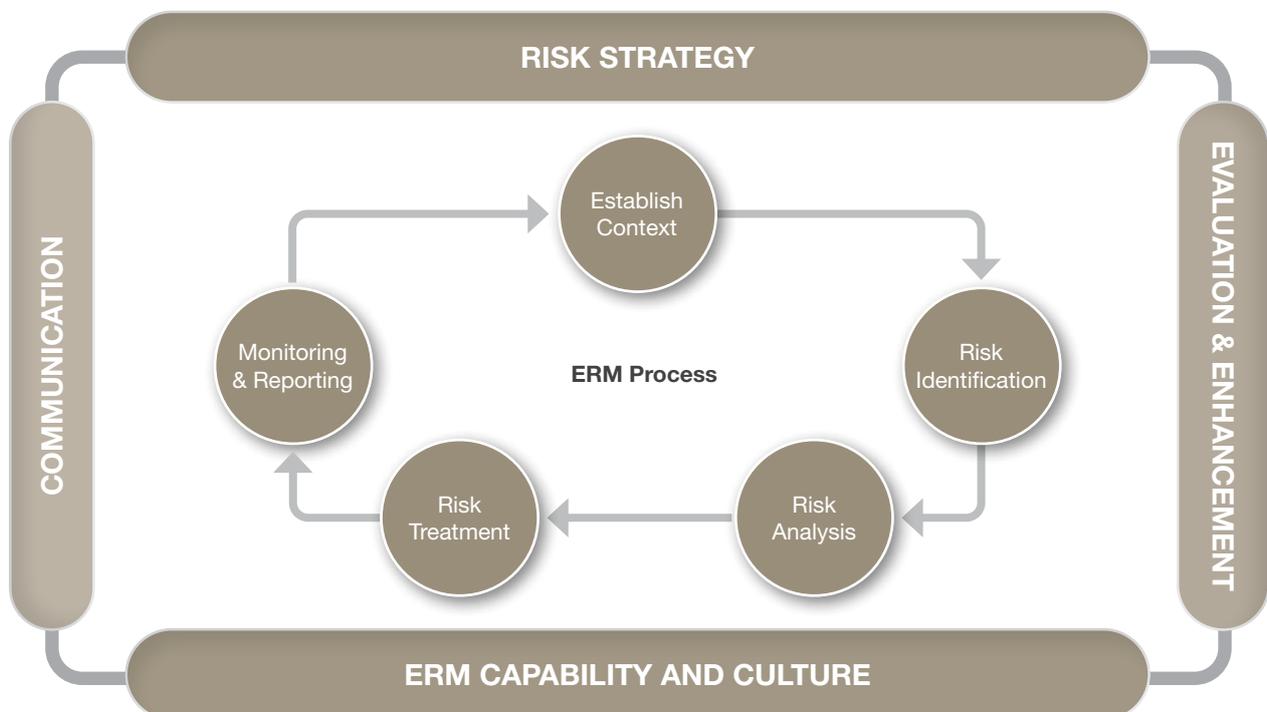
### *Risk Management and Internal Control Systems*

The Company has in place a sound system of risk management and internal controls, addressing material strategic risks and material sustainability risks, financial, operational, compliance and IT risks, amongst other risks, to safeguard shareholders' interests and the Group's assets.

The Board determines the Company's levels of risk tolerance and risk policies, and oversees the design, implementation and monitoring of the Company's risk management and internal control systems. The Group refers all significant matters to the ARC and the Board.

The Group has in place an ERM framework integrated with ESG (being environmental, social and governance areas) that assures consistent and robust risk management practices

across the Group. The ERM framework sets out the appropriate risk mitigation strategy for different aspects of business risk and prescribes a zero tolerance towards non-compliance with laws and regulations, disregard for health and safety requirements, corruption, bribery, graft and fraudulent activities. It provides Management with a formal framework and structure to identify risks and optimise available resources to mitigate the risks. The ERM framework encompasses an evaluation process to determine its adequacy and effectiveness; and accords appropriate improvements to the ERM framework and process. The framework is reviewed annually taking into considerations the changing business landscape and expansion of the Group's operations. References were drawn from the Corporate Governance Council Risk Governance Guidance for Listed Boards (issued in 2012) and ISO 31000 (Risk Management Principles and Guidelines) when conceptualising this framework.



## CORPORATE GOVERNANCE

The Group has established a risk matrix system where the various classes of risk are measured and ranked, having regard to the likelihood of occurrence and the impact to the Group. The ARC reviews the key risks of the Group quarterly. The key risks identified by the Group may be broadly categorised into the following:

### **Strategic and Sustainability Risks**

The Group evaluate risks associated to business strategies and strategic positioning; for instance sustainability, reputation and crisis risks. The Group's approach to sustainability risk and the material ESG factors are covered in the Sustainability Report.

### **Financial Risks**

The Group's activities are affected by various financial risks, including interest rate risk, exchange rate risk, credit risk and liquidity risk. The details of each risk are set out in Note 34 to the financial statements of this Annual Report.

### **Operational Risks**

The operational risks facing the Group include changes in external market conditions such as oversupply of properties, competitive pricing in the market and drop in visitor arrivals or student numbers due to political instability, terrorism and health warnings and labour shortage. Other risks include increase in operating costs and the necessity for capital expenditure from time to time.

### **Compliance Risks**

The Group faces compliance risks such as changes to government policies, rules and regulations relating to the hospitality and property businesses within the jurisdictions where the Group operates.

### **IT Risks**

Failure of critical IT systems can potentially disrupt the Group's business. Confidential information, such as customers' personal data, may be at risk of cyber-attacks. The Group continuously reviews its IT security and processes, and makes necessary enhancements to mitigate such risks.

Management undertakes periodic reviews of the Group's past performances and conducts horizon scanning in order to identify and assess current and future risks related to the aforementioned risk categories – strategic and sustainability, financial, operational, compliance and IT. Based on these reviews, Management employs reasonable endeavours in ensuring that these risks are within limits and strategies approved by the Board.

Although the Board acknowledges that it is responsible for the overall internal control framework, it also recognises that no cost-effective internal control system will preclude all errors and irregularities. A system is designed to mitigate and reduce rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatements or losses. The Board is satisfied that the system of risk management and internal controls that the Group has in place provides reasonable assurance against material financial misstatements or losses, safeguarding of assets, the maintenance of proper accounting records, reliability of financial information, compliance with legislation, regulations and best practices and the identification and management of business risks.

### **Adequacy and Effectiveness of Risk Management and Internal Control Systems**

The Board reviews quarterly the adequacy and effectiveness of the Group's risk management and internal control systems.

The ARC assists the Board in determining the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives. The ARC considers the nature of the risks facing the Group and the extent to which these risks are acceptable, the likelihood of risks materialising and the Group's ability to reduce their occurrence and impact on the business, and the cost versus the benefit of managing the risks. The ARC ensures that the internal auditors conduct reviews of the Group's internal controls, addressing material strategic risks and material sustainability risks, financial, operational, compliance and IT controls. Risk management and financial management are also assessed.

## CORPORATE GOVERNANCE

The Group has established the MRSC that is headed by the Group CEO and comprises relevant KMP and senior executives across different business divisions within the Group as committee members. The MRSC supports the ARC in driving the risk management and sustainability efforts. The Group CEO and the CFO will also assess the reports from the internal auditors and the MRSC before providing relevant assurance to the Board.

The Group has put in place BCPs across business units. The BCPs involves systems of response and recovery to ensure business operations can continue to operate normally and disruptions are minimised when certain events occur. The Group has a crisis management (“**CM**”) policy covering areas

ranging from response plan to communications framework. The CM policy was approved by the ARC and the Board after an in-depth review. Both the BCP and CM framework are part of the Group’s ERM, supported by the MRSC and overseen by the ARC and Board.

The following are some of the policies instituted and activities conducted to ensure that the Company’s risk management and internal control systems are adequate and effective. They include policies to ensure the health, safety and welfare of the Group’s employees. The Group also arranged training in various areas for employees, including compliance training courses for personal data protection, competition law and operational risk management.

<b>Strategic and Sustainability Risks</b>	<ul style="list-style-type: none"> <li>a) CG Policy Manual</li> <li>b) ERM manual</li> <li>c) BCPs</li> <li>d) Whistle-blowing policy</li> <li>e) CM Policy</li> </ul>
<b>Financial Risks</b>	<ul style="list-style-type: none"> <li>a) Foreign currencies &amp; control procedures, including forex monitoring &amp; hedging</li> <li>b) Interest rate hedging policy</li> </ul>
<b>Operational Risks</b>	<ul style="list-style-type: none"> <li>a) Emergency response plan and drills</li> <li>b) Service quality audits</li> <li>c) Workplace safety &amp; health risk assessment procedures manual</li> <li>d) Employee safety handbook</li> </ul>
<b>Compliance Risks</b>	<ul style="list-style-type: none"> <li>a) Annual declaration of potential conflicts of interest</li> <li>b) Anti-Bribery and Corruption Policy</li> <li>c) Company’s Code of Conduct and Employee Handbook covering:               <ul style="list-style-type: none"> <li>– Compliance with Competition Act</li> <li>– Problem gambling</li> <li>– Usage of social media</li> </ul> </li> <li>d) External and Internal audits</li> <li>e) Security Trading Policy</li> </ul>
<b>IT Risks</b>	<ul style="list-style-type: none"> <li>a) Information security management policy</li> <li>b) Personal Data Protection Policy</li> </ul>

### Assurance from Group CEO and relevant KMP

The Board, with the concurrence of the ARC, is therefore of the opinion that the Group’s system of risk management and internal controls is adequate and effective to address material strategic risks and material sustainability risks, financial, operational, compliance and IT risks of the Group in its current business environment.

The Board has received assurance:

- (i) from the Group CEO and the CFO that the financial records have been properly maintained and the audited financial statements give a true and fair view of the Group’s operations and finances; and

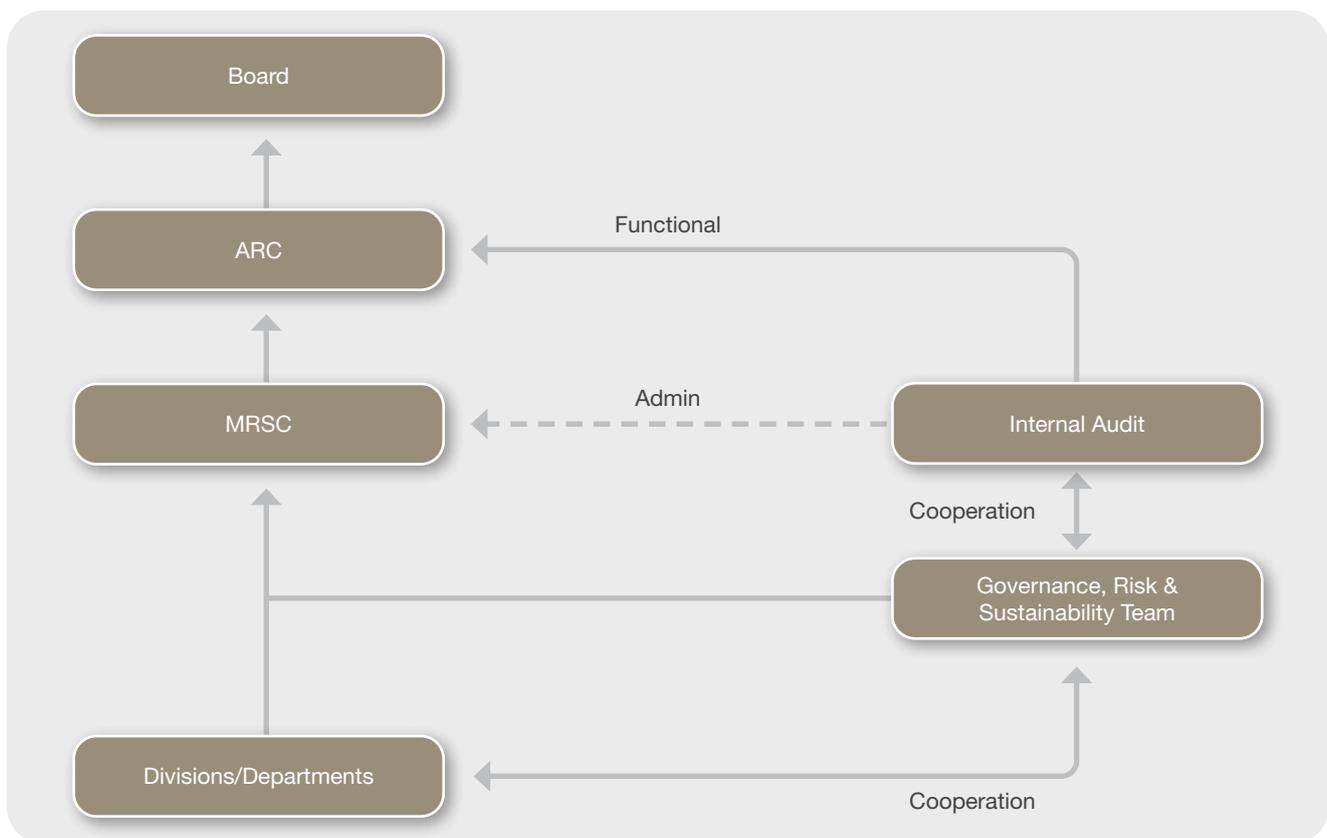
## CORPORATE GOVERNANCE

(ii) from the Group CEO and the MRSC (which comprises relevant KMP and other employees) who are responsible for the adequacy and effectiveness for the Group's risk management and internal control systems, that the Group's risk management and internal control systems are

adequate and effective in addressing the material risks in the Group in its current business environment, including material strategic risks and material sustainability risks, financial, operational, compliance and IT risks.

### Risk Committee

The Company's structure to facilitate management of risks is set out below:



### Audit & Risk Committee

**Principle 10: The Board has an Audit Committee which discharges its duties objectively.**

### ARC Composition and Key Terms of Reference

During FY2023, the ARC comprised three NEDs, the majority of whom, including the ARC Chair, are independent.

### FY2023 ARC Composition

Mr Ramlee Bin Buang (Lead ID) as ARC Chair  
 Mdm Ee Choo Lin Diana (NI-NED)  
 Ms Ku Xian Hong (ID)

The ARC assists the Board in discharging its responsibility to safeguard the Group's assets, maintain adequate accounting records, and develop and maintain adequate and effective risk management and internal control systems.

## CORPORATE GOVERNANCE

### *Expertise of ARC Members*

The Board is of the view that all members of the ARC have recent and relevant accounting and/or related financial management expertise and experience to discharge their responsibilities as members of the ARC.

### *Authority of ARC*

The ARC has explicit authority to investigate any matter within its terms of reference. The ARC has full access to and the cooperation of Management and in addition, has absolute discretion to invite any Director or Executive Officer (as defined in the Listing Rules) of the Group to attend its meetings, as it deems necessary. External expert advice is available to the ARC as and when the need arises, to enable it to discharge its functions properly.

### *Role and Responsibilities of ARC*

The principal roles and responsibilities of the ARC under its terms of reference are to:

- a. review the significant financial reporting issues and judgements to ensure the integrity of the financial statements of the Group and any announcements relating to the Company's financial performance;
- b. review annually the adequacy and effectiveness of the Group's risk management framework and material internal controls including controls for material strategic risks and material sustainability risks, financial, operational, compliance and IT controls;
- c. review the assurance from the Group CEO and the CFO on the financial records and financial statements;
- d. review the audit plans and reports by the internal auditors;
- e. review all non-audit services provided by the external auditors to ensure that any provision of such services would not affect the independence and objectivity of the external auditors;
- f. review the performance and consider the independence of the external auditors;
- g. make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approve their remuneration and terms of engagement;
- h. review the adequacy, effectiveness, independence, scope and results of the external audit and the Group's internal audit function;
- i. identify, prevent and minimise business risks;
- j. review the financial statements of the Company and the Group before submitting them to the Board;
- k. review significant sustainability reporting issues and assess whether the annual sustainability information reflects the principles of the selected sustainability reporting framework;
- l. review IPTs, if any;
- m. review the effectiveness of the system for monitoring compliance with laws and regulations and the results of Management's investigation and follow-up actions (including disciplinary action) in respect of any fraudulent acts or non-compliance;
- n. Provide oversight and monitoring of whistle-blowing, including review of the policy and ensure arrangements are in place to address any concerns; and
- o. assess and challenge, where necessary, the fairness, accuracy, completeness, and consistency of the financial statements (including interim reports) and disclosures.

In its review of the financial statements of the Group and the Company for FY2023, the ARC bore in mind voluntary Practice Guidance 10 as it discussed with Management regarding the identification of matters that could significantly affect the integrity of the financial statements ("**significant financial reporting matters**"). The discussion included an assessment of the accounting principles and critical judgements applied by Management and the clarity of the relevant disclosures in the financial statements.

## CORPORATE GOVERNANCE

The significant financial reporting matters identified, which are consistent with the key audit matters identified by the external auditors, and the ARC's commentaries are set out as follows:

Key Audit Matters	How these issues were addressed by the ARC
<p>Valuation of investment properties, and land and buildings classified under property, plant and equipment ("<b>PPE</b>")</p>	<p>The ARC reviewed the outcomes of the annual valuation process and discussed the details of the valuation with Management, focusing on investment properties and land and buildings classified under PPE which registered higher fair value gains/losses during the period under review.</p> <p>The ARC considered the methodologies and key assumptions applied by the external valuers in arriving at the valuation of the investment properties and PPE.</p> <p>The ARC also considered the findings of the external auditors, including their assessment of the appropriateness of valuation techniques and the underlying key assumptions applied in the valuation.</p> <p>The ARC was satisfied with the valuation process, the techniques used and the valuation outcomes adopted and disclosed in the financial statements.</p> <p>Refer to Notes to the Financial Statements ("<b>Note</b>") 20 and 21 for details of the relevant valuations.</p>
<p>Impairment assessment of goodwill</p>	<p>The ARC reviewed the outcome of the annual goodwill impairment assessment process and discussed the details of the impairment assessment with Management, focusing on the key assumptions and judgements applied on the cash flows projections and key inputs used including discount rates and terminal growth rates.</p> <p>The ARC also considered the findings of the external auditors, including their assessment of the appropriateness of valuation methodologies and the underlying key assumptions applied.</p> <p>The ARC was satisfied with the valuation methodologies applied, the appropriateness of the key assumptions applied and the conclusion of the impairment assessment of goodwill.</p> <p>Refer to Note 23 for details of the goodwill impairment assessment.</p>
<p>Valuation of investment in JV Toga Trust</p>	<p>Through the Group's 50% representation on the board and audit and risk committee of Toga Trust, the ARC reviewed with Management the outcomes of the following processes performed by Toga Trust on a bi-annual basis:</p> <ul style="list-style-type: none"> <li>• Valuation of land and buildings classified under PPE held by Toga Trust; and</li> <li>• Impairment assessment of goodwill and brands with indefinite lives held by Toga Trust.</li> </ul> <p>The ARC discussed with Management in detail, focusing on:</p> <ul style="list-style-type: none"> <li>• Toga Trust's PPE assets which registered higher fair value gains/losses during the period under review; and</li> <li>• Key assumptions and judgements applied by Toga Trust on the cash flows projections and key inputs used including discount rates and terminal growth rates in the impairment assessment.</li> </ul> <p>The ARC also considered the findings of the external auditors, including their assessment of the appropriateness of Toga Trust's valuation methodologies and the underlying key assumptions and judgment applied by the valuers in arriving at the valuation of PPE and impairment assessment of goodwill and brands with indefinite lives.</p> <p>The ARC was satisfied with the valuation process, the methodologies used, the appropriateness of the judgment made and key assumptions applied, the valuation of PPE and the conclusion of the impairment assessment of goodwill and brands with indefinite lives.</p> <p>Refer to Note 18 for details relating to the Group's investment in Toga Trust.</p>

## CORPORATE GOVERNANCE

### **Meetings with External Auditors and Internal Auditors without Management**

In FY2023, the ARC met twice with the external auditors, PricewaterhouseCoopers LLP (“**PwC**”), and four times with the internal auditors, an independent firm RSM Risk Advisory Pte Ltd (“**RSM**”), without the presence of Management. These meetings enabled the external auditors and internal auditors to raise directly to the ARC issues, if any, encountered during their audits.

During FY2023, PwC was also invited to five ARC meetings while RSM was also invited to four ARC meetings.

### **Independence of External Auditors**

The ARC is primarily responsible for proposing the appointment and removal of the external auditors. The ARC conducted its annual review of non-audit services provided by PwC in FY2023, to satisfy itself that the nature and extent of such services will not prejudice PwC’s independence and objectivity, before nominating them for re-appointment. The aggregate amount of fees payable to PwC and its network of member firms for audit services provided for the Company and its subsidiaries for FY2023 amount to S\$744,000. The fees payable/paid to PwC and its network of member firms for non-audit services provided for FY2023 amount to S\$213,000 and were incurred for the provision of corporate tax compliance, tax advisory, transfer pricing and certification services. The ARC also evaluated the quality of work carried out by PwC based on the Audit Quality Indicators Disclosure Framework published by the ACRA. The ARC was satisfied with the independence, objectivity and performance of PwC and nominated PwC for re-appointment as external auditor of the Company at the forthcoming AGM.

All local subsidiaries have appointed PwC as their external auditor. All except ten of the overseas subsidiaries have also appointed PwC or its affiliated firms as their external auditor. The Board and the ARC had reviewed the appointment of a different auditor for its ten overseas subsidiaries and were satisfied that the appointment of one different auditor for the ten overseas subsidiaries would not compromise the standard and effectiveness of the audit of the Group.

The Company is in compliance with Rules 712, 715 and 716 of the Listing Rules in relation to its external auditors.

### **Whistle-blowing Policy**

The Company’s whistle-blowing policy, which was adopted in 2015, provides employees and external parties with an avenue to raise concerns in good faith, on a confidential basis without fear of reprisals, about possible improprieties relating to the Group and its officers, whether collusion, conflict of interest, violation of business ethics, unsafe work practices or otherwise. The policy’s objective is to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken, while ensuring the whistle-blower is protected against detrimental or unfair treatment. The whistle-blowing policy is made available to all levels of employees during orientation together with the employee handbook, and is also posted on the Group’s intranet system in three different languages, namely English, Mandarin and Malay.

The ARC is responsible for the oversight and monitoring of the Company’s whistle-blowing arrangements. The communication channels for whistle-blowing reports are published on the Company’s website and are managed by the Company’s internal auditors (an independent professional firm, RSM) who will assist the ARC in the enforcement of the whistle-blowing policy. In accordance with the Company’s whistle-blowing policy, the identity of the whistle-blower is kept confidential, and unless required by law or with the whistle-blower’s prior consent, his/her identity will not be revealed by the internal auditors to the Group.

No whistleblowing incidents were reported during FY2023.

The Company is in compliance with Rule 1207(18A) and (18B) of the Listing Rules in relation to its whistle-blowing policy.

### **Disclosure on the ARC’s activities**

In FY2023, the ARC held five meetings. In those meetings, the ARC reviewed, *inter alia*, the internal auditors’ report on processes relating to IPTs and various reports on other areas of the Group’s business, the internal auditors’ audit plan and fee for the current financial year, the external auditors’ final audit report, key audit matters, the performance and independence of the external auditors, the half-year and full-year announcements on financial statements, the Group’s half-year and full-year performance, the voluntary interim business updates for the first and third quarters of the financial year, and corporate governance matters.

## CORPORATE GOVERNANCE

The ARC has been kept abreast of any changes to the accounting standards and issues which have direct impact on the Group's consolidated financial statements by the CFO and the external auditors during FY2023.

### ARC Member Restriction

None of the ARC members is a former partner or director of or holds any financial interest in, the Company's existing auditing firm or auditing corporation.

### Internal Auditors

The ARC approves the appointment, removal, evaluation and fees of the outsourced internal audit function. During FY2023, the Group outsourced its internal audit function to an independent professional firm (RSM) to provide internal audit services.

The internal auditors report directly to the ARC Chair on internal audit matters and to the Group CEO on administrative matters. The internal auditors have unfettered access to the ARC, the Company's documents, records, properties and personnel.

### Resource and Standing of Internal Audit Function

The ARC ensures the adequacy of the internal audit function by examining the scope of the internal auditors' work, the quality of their reports, their qualifications and training, their relationship with the external auditors and their independence of the areas reviewed.

### Qualification and Experience of Internal Auditors

RSM is a corporate member of the Singapore chapter of the Institute of Internal Auditors ("IIA") and is staffed with professionals with relevant qualifications and experience.

### Professional Standards and Competency

RSM is guided by the International Professional Practices Framework (IPPF) issued by the IIA. Having assessed the functions and organisational structure of the internal auditors pursuant to the Standards for the Professional Practice of Internal Auditing of the IIA and its ten core principles, the ARC is satisfied that the internal auditors meet the requisite IIA standards, are adequately resourced, and have appropriate standing within the Group.

### Independence, Adequate Resourcing and Effectiveness of Internal Audit Function

The ARC reviews, at least once a year, whether the internal audit function is independent, effective and adequately resourced. The ARC reviews and approves the internal audit plans and the resources required to adequately perform this function annually, to ensure the adequacy of the internal audit function. During the internal audit process, the internal auditors follow up on the identified inherent and operational risks of each business entity (as well as the content of any management letter issued by the external auditors) to ensure that the committed rectification measures have been implemented. In FY2023, RSM audited, *inter alia*, areas such as centralised procurement, front office operations, housekeeping, cashiering and cash management, engineering and workplace safety and inventory management for selected properties, and at the Group level, IPTs, sustainability reporting process and negative assurance checklists. Following its review and assessment, the ARC was of the view that the internal audit function is independent, effective and adequately resourced.

## 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.**

### Effective Shareholder Participation

Shareholders are informed of general meetings at least 14 days in advance through notices, which are delivered to shareholders, published in a local newspaper and on SGXNet. The procedures at general meetings facilitate opportunities for shareholders to participate and communicate with the Directors.

In line with the Company's commitment towards environmental conservation, the Company makes available its annual reports by electronic communication, via publication on the Company's website. Annual reports are also available on SGXNet and shareholders may request for hard copies of annual reports if preferred.

## CORPORATE GOVERNANCE

### **Shareholder Opportunity to Participate in and Vote at General Meetings**

Shareholders are entitled to participate effectively in and vote at all general meetings. The Company encourages all shareholders to attend its general meetings to stay informed of the Company's goals and strategies and to ensure a high level of accountability.

Shareholders are informed of general meetings through notices which are sent to all shareholders, advertised in a local newspaper and also made available on SGXNet and the Company's website. General meetings are held at a central location, which is easily accessible by public transportation. All resolutions at general meetings are voted by way of electronic poll for greater transparency in the voting process. A polling agent and independent scrutineer are appointed to handle and brief the e-polling voting procedures, and to count and validate the votes cast at the general meetings, respectively, to ensure that the poll process is properly carried out. Votes cast for or against and the respective percentages on each resolution will be tallied and displayed 'live' on-screen to shareholders immediately after each poll is conducted. The total number of votes cast for or against the resolutions and the respective percentages will also be announced in a timely manner after the general meeting via SGXNet. This process was followed through for the Company's physical AGM on 19 April 2023 (the "AGM 2023").

Shareholders were invited to submit to the Company in advance, any questions related to the resolutions tabled for approval at the AGM 2023. Notice of the Company's AGM 2023 was sent to shareholders on 4 April 2023, at least 14 calendar days before the AGM 2023. Shareholders had at least seven calendar days from the publication of notice of AGM 2023, to submit their questions. All substantial and relevant questions received from shareholders were publicly addressed by the Board and/or Management at least 72 hours prior to the closing date and time for lodgement of the proxy forms. The Company's answers to questions received by 11 April 2023 were published at the Company's website and SGXNet on 13 April 2023. Questions received from shareholders after 11 April 2023 and at the AGM 2023 were answered live by the Board and Management at the AGM 2023.

The Company also received various questions from SIAS and published its responses on the Company's website and SGXNet on 15 April 2023, ahead of the AGM 2023.

For the upcoming AGM on 25 April 2024, shareholders can likewise submit questions relating to the AGM resolutions in advance and the Company will publish its responses on SGXNet and Company's website before the AGM.

### **Proxies**

The Company's Constitution allows shareholders to vote in person, by proxy or by attorney, at general meetings. Corporate shareholders can also appoint a representative to vote in their stead. A shareholder may appoint up to two proxies to attend and vote in his/her stead at a general meeting through a proxy form or certificate of corporate representative sent in advance. For shareholders who hold shares through nominees such as Central Provident Fund Board and custodian banks, they are able to attend and vote at general meetings under the multiple proxies regime. This process was followed through for the Company's AGM 2023.

### **Separate Resolutions at General Meetings**

To safeguard shareholder interests and rights, at general meetings, each distinct issue is the subject of a separate resolution. All resolutions put to every general meeting of the Company are voted separately unless the resolutions are inter-dependent and linked so as to form one significant proposal. Detailed information on each item in the agenda of general meeting is provided in the explanatory notes to the notice of general meeting.

### **Attendees at General Meetings**

The Company requests all its Directors, certain KMP, external auditors and external advisers to attend the Company's general meetings to address any questions raised by shareholders, whether the conduct of audit, the presentation and content of the auditors' report or otherwise. Shareholders are given the opportunity to communicate their views and discuss with the Board and KMP after the general meetings.

All Directors, together with the Company's CFO, Financial Controller, Company Secretary, external auditors, internal auditors and external corporate governance and legal advisers attended the Company's AGM 2023.

## CORPORATE GOVERNANCE

### **Absentia Voting**

The Company's Constitution provides that the Board may, at its sole discretion, approve and implement voting methods to allow shareholders an option to vote in absentia, such as online voting or voting by mail, electronic mail or facsimile. Having considered that shareholders who are unable to attend in person may vote by proxy or by attorney, or in the case of a corporation, by a representative, and considered carefully the security and cost concerns related to absentia voting (with careful study needed to ensure that integrity of information and authentication of the identity of shareholders through the web are not compromised), the Company has refrained from implementing absentia voting.

### **Minutes of General Meetings**

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meetings, and responses from the Board and Management. The minutes of the AGM 2023 was published to SGXNet and the Company's website on 15 May 2023, within a month of the AGM 2023.

### **Dividend Policy**

The Company's principle-based dividend policy is published on the Company's website. The Company is committed to achieving sustainable income and long-term capital growth for the benefit of shareholders and will strive to provide consistent and sustainable ordinary dividend payments to its shareholders on an annual basis. In considering any recommendation for dividend payment and any appropriate level of dividend, the Board will take into consideration various factors including but not limited to the Group's level of cash, gearing, retained earnings, actual and projected financial performance, capital requirements, strategic plans, general economic conditions and outlook. The Company has a scrip dividend scheme. If the scrip dividend scheme is applied to any dividend, payment will be made in compliance with the Listing Rules. The Board will review and refresh the dividend policy (which was established in FY2018) from time to time. The Company is aligned to the voluntary Practice Guidance 11 (Shareholder Rights and Conduct of General Meetings) as updated in December 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.**

### **Shareholder Rights**

The Company practises fair and equitable treatment to all shareholders and stakeholders. To facilitate the exercise of ownership rights, the Company provides all material information, which would materially affect the price or value of the Company's shares, in an accurate and timely manner via appropriate media, to enable shareholders to make informed decisions. Such channels include announcements through SGXNet, the Company's website and shareholders' meetings. Materials include annual reports, sustainability reports, shareholder circulars, news releases and presentations to investors and analysts.

### **Communication with Shareholders and Soliciting and Understanding Views of Shareholders**

The Company recognises the importance of regular, effective and timely communication with its shareholders.

The Company's main forum for dialogue with shareholders takes place at its AGM. To solicit and understand shareholders' views, shareholders are given the opportunity at the AGM to express their views and ask questions regarding the Company. For the AGM 2023, shareholders were invited to submit questions relating to the AGM resolutions in advance, and the Company provided its responses both before and during the AGM.

### **Investor Relations Policy and Contact**

The Company has in place an IR policy outlining the principles and practices adopted in the course of its IR activities, including communication with shareholders and the investment community. The IR policy reflects avenues for communication between shareholders and the Company, including shareholders' meetings, the Company's annual report and sustainability report, the information available on the Company's website, half-year and full-year results and any other announcements, meetings with analysts and media, and describes how shareholders may contact the Company should

## CORPORATE GOVERNANCE

they have questions. Thus, the IR policy allows for an ongoing exchange of views with shareholders, thereby promoting regular, effective and fair communication. The Company has a dedicated IR link on its website and its IR policy is available at [https://www.fareastorchard.com.sg/ir\\_policy.html](https://www.fareastorchard.com.sg/ir_policy.html).

The Company has an IR team that facilitates two-way communication with the investment community. Communication with investors has been, and may be made through email correspondences and telephone calls. The Company responds to queries based on publicly available information, upholding the principle of no selective disclosure. Shareholders may email their questions to the IR team at [ir@fareastorchard.com.sg](mailto:ir@fareastorchard.com.sg), and these contact details are also published on the Company's website. The Group demonstrates email responsiveness to queries posed to its IR team, with replies generally issued within one week. The Board receives updates from the IR team on any shareholder feedback.

### *Disclosure of Information on a Timely Basis*

The Company is committed to making timely, full and accurate disclosures in accordance with the Listing Rules and the Code. The Company is aligned to the voluntary Practice Guidance 12 (Engagement with Shareholders) effective from December 2023, pertaining to engagement of shareholders via interim updates (that are in addition to the mandatory financial statements) that could provide shareholders with a better understanding of a company's performance in the context of the current business environment. The Company keeps its shareholders informed of corporate developments on a timely basis. In addition to mandatory announcements, the Company also makes voluntary announcements on corporate transactions from time to time. In FY2023, the Company voluntarily issued two interim updates in May and November on its business performance, and a voluntary announcement on the completion of an acquisition in May. These were published on SGXNet and the Company's website.

The Group has adopted half-yearly reporting from FY2020. Half-year results will be released no later than 45 days after the end of the half-year period. Full-year results will be released no later than 60 days from the financial year end. The investor calendar is available on the Company's website at <https://www.fareastorchard.com.sg/investor-calendar.html>.

Notices of general meetings are dispatched to shareholders, together with explanatory notes on a timely basis in accordance with the legal requirements.

For FY2023, a blackout period of one month before the announcement of the Company's half-year and full-year financial results was observed. During this period, the Company has limited interactions with investors and analysts and avoids commenting on financial results, operational performance and market outlook, except where required under the Listing Rules.

## MANAGING STAKEHOLDER RELATIONSHIPS

### *Engagement with Stakeholders*

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

### *Identification and Engagement of Material Stakeholders*

The Company's material stakeholders are listed in its Sustainability Report. They are the Company's shareholders, its Board, its employees, customers, and business partners. The Sustainability Report outlines how relationships with these material stakeholders are managed, including the modes of engagement.

The Group's policies including the Stakeholder Engagement Policy, the Board Succession Policy, the Board Diversity Policy, the Dividend Policy and Scrip Dividend Scheme, the Investor Relations Policy, the Security Trading Policy and Whistle-blowing Policy facilitate the Group's engagement with its material stakeholders. Further details of the Group's engagement with its key stakeholders in FY2023 are described in the Sustainability Report 2023 which is available at the Company's corporate website at <https://www.fareastorchard.com.sg/sustainability.html>. The Sustainability Report outlines the Group's policies, practices, performance and targets in relation to its material ESG factors. Prepared in accordance with the GRI 2021 standards and consistent with the TCFD's recommendations, the Group endeavours to communicate how sustainability is embedded in its business practices and value chain across its operations in the report.

## CORPORATE GOVERNANCE

### Corporate Website

The Company maintains a current corporate website to communicate and engage with its stakeholders. There is a dedicated IR section on its corporate website at <https://fareastorchard.com.sg/corporate-governance.html> which serves as a repository for shareholders and the investment community, ensuring that they can easily access relevant and up-to-date information about the Company. It includes the Company's latest announcements, financial results, annual reports, sustainability reports, stock information, and IR contact. Members of the public may also subscribe to RSS feeds of all announcements and press releases issued by the Company through its corporate website. Details of the Group's Code of Conduct are disclosed on the Company's website under the same link. The Company's corporate website also discloses its vision and mission statements and (since FY2023) its corporate structure.

### ADDITIONAL INFORMATION

#### Business Conduct and Ethics

The Group is guided by its Code of Conduct and Employee Handbook which are published on the intranet, and which new employees receive and are briefed upon joining. The Code of Conduct and Employee Handbook explain the Group's core values, encapsulated in BUILD, which stands for Business with Grace, Unity, Integrity, Love and Diligence. The Group seeks to build and maintain a strong ethical organisational culture through its core values. All employees are required to read and acknowledge the Code of Conduct and Employee Handbook on an annual basis.

The Code of Conduct and Employee Handbook outline the standards of ethics and behaviour in the way the employees are to conduct themselves in relationships with customers, suppliers, business partners and colleagues. They address several aspects including confidentiality, conflict of interest, the offering and receipt of gifts, entertainment, business dealings, intellectual property, workplace conduct, workplace health and safety, discipline, grievance handling and whistle-blowing.

The Group believes in applying ethical and transparent business practices across the value chain to maintain business continuity and market reputation, including the upholding of customer privacy. The Group's Anti-Bribery and Corruption Policy affirms its zero-tolerance approach to bribery and corruption. The

Group has a Competition Compliance Manual which forms part of the Employee Handbook. This Manual reminds Directors, employees and representatives of the Group's commitment to compliance with the Competition Act of Singapore and to maintain the highest level of ethics in the conduct of its business. It was developed to help these stakeholders to understand the basic principles of the Group's competition law compliance policy.

The Group's policies and work procedures incorporate internal controls to ensure adequate checks and balances are in place, and to help detect and prevent any form of fraud, bribery or dishonesty by employees.

#### Creditors' Rights

The Group values its suppliers and is committed to safeguarding creditors' rights and acknowledges the importance of paying invoices, especially those of small businesses, in a timely manner. It is the Group's practice to agree terms with suppliers when entering into contracts. The Group negotiates with suppliers on an individual basis and meets its obligations accordingly.

The Group also protects creditors' rights through the presence of debt covenants in some of its loans including maintaining debt to equity and interest coverage ratios and fulfilling them. The Group monitors and maintains a level of cash and cash equivalents and enough standby credit lines and executes its strategy to generate profit and growth to service loan and interest requirements.

#### Health, Safety and Well-Being of Customers and Employees

The health, safety and well-being of our customers and employees is the Group's utmost priority. Health and safety processes are regularly reviewed.

At the hospitality properties in Singapore managed by the Group, a "Far More Assured" programme was in place for a significant part of FY2023, with stringent health, safety and hygiene standards for the assurance of its guests. During this programme, all employees at such properties were trained on these standards. Public areas in these properties were deep cleaned frequently with premium grade solutions, rooms were fully disinfected after each departure, and meeting spaces and equipment disinfected and sanitised after each event.

## CORPORATE GOVERNANCE

The Group's employees are provided with a comprehensive suite of benefits ranging from medical, flexible healthcare and wellness (including a wide range of pro-family initiatives), leave, insurance, and education assistance for their children, to enhance their health, safety and well-being. Complimentary health screenings and vaccinations are made available to employees annually. Examples of wellness and self-development programmes which employees can avail themselves, include social and health club memberships and self-development courses. The Group has programmes in place for employees (and their families) in need of emotional support to reach out to reputable medical groups for counselling on a confidential and complimentary basis.

### Dealings in Securities

The securities trading policy is an internal compliance code devised and adopted by the Company as a listed issuer, to provide guidance on dealings in its securities. The policy is guided by the Principles of Best Practice – Handling of Confidential Information and Dealings in Securities issued jointly by the SGX-ST with other associations in December 2017, the Corporate Disclosure Policy in the Listing Rules and prevailing provisions of the Securities and Futures Act. The policy reflects the Company's adoption of the best practices on dealings in securities set out in Rule 1207(19) of the Listing Rules.

The policy was reviewed and updated in FY2020 following the Company's adoption of half-yearly reporting. The policy applies to the Company, its officers and any persons who come into possession of material information of the Group before its public release.

On an annual basis, the Company issues its securities trading policy addressed to its officers (including the Company's Directors, persons employed in an executive capacity and the Company Secretary) and any persons who come into possession of material information of the Group before its public release, where they are reminded to refrain from dealing in the securities of the Company:

- (i) during one month before and up to the date of announcement of the half-year and full-year results; and
- (ii) on short term considerations.

The Company has been complying and will continue to comply with Rule 1207(19) of the Listing Rules, in observing the aforesaid blackout period for any dealing in its securities.

The Company also issues a quarterly circular to its officers reminding them of the prohibited period from dealing in the Company's securities before the release of the results and at any time if they are in possession of unpublished material price-sensitive information.

### Material Contracts

Save for the transactions set out in the Company's circular to shareholders dated 24 June 2013 and the related parties transactions as disclosed in the Financial Statements and this Annual Report, no material contract involving the interests of any Director or controlling shareholder of the Group has been entered into by the Company or any of its subsidiaries during the financial year and no such material contract is subsisting as at 31 December 2023.

## CORPORATE GOVERNANCE

### INTERESTED PERSON TRANSACTIONS

The Company has a policy on how proposed IPTs are to be reviewed and approved, to ensure IPTs are conducted fairly and on an arm's length basis. The IPT policy is detailed in the IPT general mandate ("IPT Mandate") which was approved by shareholders at an Extraordinary General Meeting of the Company held on 9 July 2013. The IPT Mandate is submitted annually to shareholders for approval at each AGM, and for the upcoming AGM, is set out in the Letter to Shareholders. IPTs carried out during FY2023 which fall under Chapter 9 of the Listing Rules are as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than \$100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
		Full year ended 31 December 2023 \$'000	Full year ended 31 December 2023 \$'000
<u>Agape Services Pte. Ltd.</u> Supply of goods and services	Associate of controlling shareholder	(898)	-
<u>Boo Han Holdings Pte. Ltd.</u> Hospitality management income	Associate of controlling shareholder	589	-
<u>China Classic Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	1,360	-
<u>Dollar Land Singapore Private Limited</u> Hospitality management income	Associate of controlling shareholder	262	-
<u>Far East Hospitality Real Estate Investment Trust</u> Management income <sup>1</sup>	Associate of controlling shareholder	3,531	-
Rental expense on operating leases			
- offices		(775)	-
- hotels and serviced residences		(20,437)	-
<u>Far East Management (Private) Limited</u> Management service fees	Associate of controlling shareholder	(1,956)	-
Hospitality services		(606)	-
<u>Far East Organization Centre Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	1,687	-
<u>Far East Real Estate Agency Pte. Ltd.</u> Property management services	Associate of controlling shareholder	(508)	-
Sales and marketing services		(117)	-
<u>Far East Rocks Pty Ltd</u> Rental expense on operating leases	Associate of controlling shareholder		
- hotel		(904)	-
<u>Far East Soho Pte. Ltd.</u> Hospitality management income	Associate of controlling shareholder	994	-
<u>Far East SR Trustee Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	467	-
<u>Fontaine Investment Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	1,670	-

<sup>1</sup> Pursuant to the trust deed constituting Far East Hospitality Real Estate Investment Trust ("Far East H-REIT") (the "Trust Deed") and entered into between FEO Hospitality Asset Management Pte. Ltd. ("FEOHAM") (in its capacity as the manager of Far East H-REIT) and DBS Trustee Limited (in its capacity as the trustee of Far East H-REIT), FEOHAM is entitled to a management fee comprising a base fee of 0.28% per annum of the value of the Deposited Property (as defined in the Trust Deed) and a performance fee of 4.0% per annum of net property income or the annual distributable amount (as defined in the Trust Deed) in the relevant year, whichever is lower. During the financial year ended 31 December 2023, the Company was a 33% shareholder of FEOHAM and this amount represents 33% of the management fees received during the financial period, being the value at risk to the Group.

## CORPORATE GOVERNANCE

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 of the Listing Manual (excluding transactions less than \$100,000)	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)
		Full year ended 31 December 2023 \$'000	Full year ended 31 December 2023 \$'000
<u>Golden Development Private Limited</u> Hospitality management income	Associate of controlling shareholder	1,964	-
<u>Golden Landmark Pte. Ltd.</u> Hospitality management income	Associate of controlling shareholder	1,018	-
<u>Orchard Mall Pte. Ltd.</u> Hospitality management income	Associate of controlling shareholder	606	-
<u>Orchard Parksuites Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	1,207	-
<u>Oxley Hill Properties Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	452	-
<u>Precious Treasure Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	171	-
<u>Riverhub Pte Ltd</u> Rental expense on operating leases - offices	Associate of controlling shareholder	(365)	-
<u>Riverland Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	354	-
<u>Sakuragicho Hospitality Kabushiki Kaisha</u> Hospitality management income	Associate of controlling shareholder	215	-
<u>Serene Land Pte Ltd</u> Hospitality management income	Associate of controlling shareholder	1,147	-
<u>Transurban Properties Pte. Ltd.</u> Hospitality management income	Associate of controlling shareholder	1,113	-

# SUSTAINABILITY EXECUTIVE SUMMARY

### MINIMISING ENVIRONMENTAL AND CLIMATE-RELATED IMPACT (ENVIRONMENT)



**5%** reduction of Scope 1 and 2 emissions of owned properties in 2023 against SBTi target of 42% by 2030 from the baseline year<sup>1</sup> of 2022



**Scope 3 disclosures**  
initiated disclosures for business travel and upstream fuel-related and energy-related emissions

### SUPPORTING PEOPLE (SOCIAL)



**14%** reduction in workplace reportable injuries in 2023 from 2022



**ZERO** incidence of discrimination and no corrective action taken in 2023



**81.7 hours** average annual training hours given per team member



**319.5 hours** team member volunteer hours on Local Community engagement

### BUILDING A RESILIENT BUSINESS (ECONOMIC)



**Profit after Tax**  
**S\$66.1 MILLION**



**Revenue**  
**S\$183.6 MILLION**

### UPHOLDING INTEGRITY (GOVERNANCE)



**Most Transparent Company Award (Real Estate)**  
Securities Investors Association Singapore (“SIAS”) Investors’ Choice Awards 2023



**38<sup>th</sup> out of 474** ranking on Singapore Governance & Transparency Index 2023



**Zero** violations of the Competition Act and CCCS guidelines and lapses with SGX Listing Rules and no known incidents of bribery or corruption

In today’s dynamic business landscape, the Group recognises the importance of sustainability. Despite the complexities and challenges in the Group’s operating environment, it remains strategically focused on leveraging its core competencies and forging ahead with its commitment to the sustainability goals while maintaining business resilience. The Group’s Sustainability Report 2023 reflects the Group’s commitment to enhancing its ESG resiliency, according to the Global Reporting Initiative Standards 2021 and the SGX-ST Listing Manual (Rules 711A and 711B).

In 2023, the Group continued its progress on its sustainability agenda in four key ESG focus areas: (i) Minimising environmental and climate-related impact, (ii) Supporting people, (iii) Upholding integrity, and (iv) Building a resilient business. To that end, the Group focused on the following;

- Enhancing climate-related disclosures
- Driving forward the Group’s sustainability roadmap and stepping up on its decarbonization initiatives
- Supporting team members by encouraging a focus on workplace safety and fostering an inclusive workplace culture
- Upholding high standards of corporate governance and ethics

<sup>1</sup> The target has been re-baselined to include three owned hotels in Australia.

## SUSTAINABILITY EXECUTIVE SUMMARY

The Group continues to drive forward its multipronged approach in bolstering its response to the impact of climate change risks.

In 2023, the Group broadened its climate assessment to look into the financial impact of climate-related risks and opportunities on its portfolio of hospitality and PBSA assets. The climate scenario analysis is currently ongoing, and more details are expected to be revealed in the FY2024 report.

In line with TCFD recommendations, the Group continues to review, update, and manage its material topics annually and strengthen its sustainability reporting. In 2023, the Group introduced 'Local Community' as a new material topic, recognising the influence the business operations may have on the people and lifestyle of the local communities.

The Group set the SBTi target in 2022, committing to reduce Scope 1 and 2 emissions for the Group's owned properties by 42% by 2030 (against the baseline year of 2022). In FY2023, the Group achieved a 5% reduction in GHG emissions in FY2023 compared to FY2022.

The Group continues to pursue decarbonization initiatives focusing on enhancing energy efficiency and renewable energy usage. In 2023, 38% of the Group's owned properties in UK introduced renewable energy sources in their energy mix; and one of the Group's managed hotels, Village Hotel Albert Court, attained Green Mark Gold certification. The Group will continue to identify opportunities and engage with hotel owners to improve its energy efficiency and reduce its overall carbon footprint to contribute to the goals of the Paris Agreement and the objectives of the Singapore Green Plan 2020.

In line with the Group's sustainability roadmap, the Group enhances its GHG disclosures with the inclusion of the following categories of Scope 3 carbon emission reporting - business travel and upstream fuel-related and energy-related emissions. The Group intends to progressively increase the categories of Scope 3 disclosures in future sustainability reports.

On the social side, the Group continued its efforts in implementing safety measures and conducting training. The Group not only maintained its track record of zero workplace fatalities and cases of occupational disease for the seventh consecutive year, but it also reduced its reportable workplace injuries for the second year running. The Group maintains its emphasis on an inclusive and supportive work environment and invests in training and development programmes with the objective of supporting employee career growth and workplace well-being.

Upholding integrity underpins the Group's sustainability strategy and to maintain high standards of corporate governance, the Group focuses on having adequate and effective risk management and internal control processes in place. In 2023, the Group had zero violations of the Competition Act and CCCS guidelines, zero known incidents of bribery or corruption, zero lapses or breaches of SGX Listing Rules, and zero incidents of substantiated losses of customer data that resulted in fines by the PDPC. In recognition of the Group's strong corporate governance practices, the Group was awarded the winner of the SIAS Investors' Choice Awards 2023 - Most Transparent Company Award (Real Estate). In addition, the Group also attained the top 8% ranking among SGX-listed firms in the Singapore Governance and Transparency Index 2023.

The Group strives to create long-term economic value while positively playing its part in supporting its environment and community while maintaining high standards of corporate governance in its business activities. The Group will work with its stakeholders to champion sustainable development and solutions across its business areas and continue to gradually introduce sustainability-aligned initiatives, policies, and practices in its journey towards a more sustainable future with its environment and all its stakeholders.

To minimize the impact on the environment and align with the Group's efforts towards more significant environmental conservation, no hardcopies of the 2023 Sustainability Report have been printed. An electronic version of the report and previous sustainability report may be viewed or downloaded at: [www.fareastorchard.com.sg/publications.html](http://www.fareastorchard.com.sg/publications.html).

# FINANCIAL REPORT

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**FAR EAST ORCHARD LIMITED AND ITS SUBSIDIARIES**

Registration number 196700511H

Incorporated in Singapore

**DIRECTORS' STATEMENT**

For the financial year ended 31 December 2023

The directors present their statement to the members together with the audited consolidated financial statements of Far East Orchard Limited (the "Company") and its subsidiaries (together with the Company, the "Group") for the financial year ended 31 December 2023 and the balance sheet of the Company as at 31 December 2023.

In the opinion of the directors,

- (a) the balance sheet of the Company and the consolidated financial statements of the Group as set out on pages 78 to 155, are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2023, and the financial performance, changes in equity and cash flows of the Group for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

**Directors**

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

Ms Koh Kah Sek (Chair)

Mr Alan Tang Yew Kuen (Group Chief Executive Officer)

Mr Ramlee Bin Buang (Lead Independent Director)

Mdm Ee Choo Lin Diana

Mr Shailesh Anand Ganu

Ms Ku Xian Hong

Mr Samuel Gene Rhee

Mr Chan Hon Chew (appointed on 6 March 2024)

**Arrangements to enable directors to acquire shares and debentures**

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

**Directors' interests in shares or debentures**

- (a) According to the register of directors' shareholdings, none of the directors of the Company holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations.
- (b) The directors' interests in the shares of the Company as at 21 January 2024 were the same as those as at 31 December 2023.

**Share options**

The Company and its subsidiaries have no share option scheme as at the date of this statement.

# DIRECTORS' STATEMENT

For the financial year ended 31 December 2023

## **Audit & Risk Committee**

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

Mr Ramlee Bin Buang (Chair)  
Mdm Ee Choo Lin Diana  
Ms Ku Xian Hong

As at the date of this report, all members of the Audit & Risk Committee other than Mdm Ee, are independent non-executive directors.

The Audit & Risk Committee carried out its functions in accordance with Section 201B(5) of the Companies Act 1967 of Singapore. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor; and
- the balance sheet of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2023 before their submission to the Board of Directors.

The Audit & Risk Committee has recommended to the Board of Directors the nomination of PricewaterhouseCoopers LLP, for re-appointment as independent auditor at the forthcoming Annual General Meeting of the Company.

## **Independent auditor**

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

Mr Ramlee Bin Buang  
Director

Mr Alan Tang Yew Kuen  
Director

18 March 2024

# INDEPENDENT AUDITOR'S REPORT

To the Members of Far East Orchard Limited

## Report on the Audit of the Financial Statements

### Our Opinion

In our opinion, the accompanying consolidated financial statements of Far East Orchard Limited (the "Company") and its subsidiaries (together with the Company, the "Group") and the balance sheet of the Company are properly drawn up in accordance with the provisions of the 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 2023, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

### *What we have audited*

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2023;
- the consolidated balance sheet of the Group as at 31 December 2023;
- the balance sheet of the Company as at 31 December 2023;
- the consolidated statement of changes in equity of the Group for the financial year then ended;
- the consolidated statement of cash flows of the Group for the financial year then ended; and
- the notes to the financial statements, including material accounting policy information.

### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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.

### Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Far East Orchard Limited

## 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 for the financial year ended 31 December 2023. 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.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p><b>Valuation of investment properties and land and buildings classified under property, plant and equipment</b></p>	
<p>As at 31 December 2023, the Group's investment properties of \$967,750,000 and land and buildings classified under property, plant and equipment of \$479,717,000, representing 55% of total assets, are carried at fair value based on independent external valuations.</p>	<p>Our audit procedures focused on the valuation process and included the following:</p>
<p>The valuation of the investment properties and land and buildings classified under property, plant and equipment is a key audit matter due to the significant judgement in the key inputs used in the valuation techniques.</p>	<ul style="list-style-type: none"> <li>• assessed the competency, independence and objectivity of the external valuers engaged by the Group;</li> <li>• discussed with the external valuers the significant judgemental areas and understood the respective valuation methodologies used in determining each valuation;</li> <li>• assessed the appropriateness of the underlying comparable transactions used to derive the comparable sales price, taking into account the nature, location and tenure of the property;</li> <li>• tested, on a sample basis, the accuracy of underlying lease and financial information provided to the external valuers; and</li> <li>• assessed the reasonableness of the discount rates, terminal yields and capitalisation rates by benchmarking these against those of comparable properties and prior year inputs.</li> </ul>
<p>The key inputs include:</p> <ul style="list-style-type: none"> <li>• comparable sales price for the sales comparison method;</li> <li>• discount rate and terminal yield for the discounted cash flow method; and</li> <li>• capitalisation rate for the income capitalisation method.</li> </ul>	
<p>The key inputs and sensitivities are disclosed in Note 3.1, Note 20 and Note 21 to the accompanying financial statements respectively.</p>	

Based on the procedures performed, we found that the valuers are competent and are members of recognised professional bodies for external valuers, the valuation methodologies used were in line with generally accepted market practices and the key inputs used were within the range of market data.

We have also assessed the adequacy of the disclosures relating to the key inputs and sensitivities, as we consider them as likely to be significant to the users of the financial statements given the estimation uncertainty and sensitivity of the valuations. We found the disclosures in the financial statements to be appropriate.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Far East Orchard Limited

*Key Audit Matters* (continued)

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><b>Impairment assessment of goodwill</b></p> <p>As at 31 December 2023, the Group's goodwill amounted to \$37,257,000 relates to the 'Management services - Singapore' cash generating units ("CGU").</p> <p>Based on the goodwill impairment assessment performed by the Group, no impairment was identified for 'management services – Singapore' CGU.</p> <p>The recoverable amount of 'Management services – Singapore' CGU was determined based on Fair Value Less Cost To Sell using a combination of the Discounted Cash Flow method and Guideline Public Company method.</p> <p>The impairment assessment is a key audit matter due to the significant assumptions and judgements involved in computing the recoverable amount of the CGU. The assumptions and judgements were used to estimate cash flows from the CGU, the terminal growth rate and the discount rate applied in the discounted cash flow method and the comparability of underlying companies applied in the Guideline Public Company method.</p> <p>The key assumptions and sensitivities are disclosed in Note 3.2 and Note 23(a) to the accompanying financial statements respectively.</p>	<p>Our audit procedures focused on the reasonableness of the assumptions and judgements applied in the respective methods. The audit procedures were performed with the support from our valuation specialists.</p> <p>In respect of the Discounted Cash Flow method, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• assessed the reasonableness of the estimated cash flows by taking into account the relevant CGU's expected future operating performance (including revenue growth rates and profit margins), as well as historical actual performance, accuracy of management forecast in prior years and the general industry outlook; and</li> <li>• assessed the reasonableness of the terminal growth rates and discount rates applied using commonly accepted methodologies and benchmarks.</li> </ul> <p>In respect of the Guideline Public Company method, we performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• compared the normalised earnings used to historical actual performance and obtained explanations from management regarding the nature and appropriateness of adjustments identified for one-off or exceptional items; and</li> <li>• assessed the appropriateness of the underlying comparable companies used to derive the earnings multiples, taking into account factors such as their principal business activity, size and financial performance.</li> </ul>

Based on the procedures performed, we found the underlying estimates and assumptions applied to be reasonable.

We have also assessed the adequacy of the disclosures relating to the key assumptions and sensitivities and found the disclosures in the financial statements to be appropriate.

# INDEPENDENT AUDITOR'S REPORT

To the Members of Far East Orchard Limited

*Key Audit Matters* (continued)

<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p><b>Valuation of investment in joint venture, Toga Hotel Holdings Unit Trust ("Toga Trust")</b></p> <p>As at 31 December 2023, the carrying value of the Group's material equity accounted joint venture, Toga Trust, amounted to \$175,722,000.</p> <p>The carrying value of the Group's investment in Toga Trust is a key audit matter because of the significant assumptions and judgements applied by Toga Trust in determining:</p> <ul style="list-style-type: none"> <li>• Valuation of land and buildings classified under property, plant and equipment held at fair value; and</li> <li>• Impairment assessment of goodwill and brands with indefinite lives.</li> </ul> <p>The summarised financial information of Toga Trust, and sensitivities of the valuation of land and buildings and impairment assessment of goodwill and brands with indefinite lives are disclosed in Note 3.3 and Note 18 to the accompanying financial statements respectively.</p>	<p>We have audited the Toga Trust's financial information used by the Group in determining the carrying value of the investment in joint venture, Toga Trust.</p> <p>The audit focused on the valuation of land and buildings and impairment assessment of goodwill and brands with indefinite lives. Audit procedures similar to those set out in key audit matters "Valuation of investment properties and land and buildings classified under property, plant and equipment" and "Impairment assessment of goodwill" were performed.</p> <p>In the context of determining the valuation of the investment in Toga Trust, we found that for:</p> <ul style="list-style-type: none"> <li>• the valuation of land and buildings classified under property, plant and equipment held at fair value, the external valuers are competent and are members of recognised professional bodies, the valuation techniques used are in line with generally accepted market practices and key inputs used in the valuation to be within the range of market data; and</li> <li>• the impairment assessment of goodwill and brands with indefinite lives, the underlying estimates and assumptions applied to be reasonable.</li> </ul> <p>We have also assessed the adequacy of the disclosures relating to the summarised financial information of investment in a material joint venture, Toga Trust, and the sensitivities of the valuation of land and buildings and impairment assessment of goodwill and brands with indefinite lives. We found the disclosures in the financial statements to be appropriate.</p>

# INDEPENDENT AUDITOR'S REPORT

To the Members of Far East Orchard Limited

## Other Information

Management is responsible for the other information. The other information comprises the Directors' Statements (but does not include the financial statements and our auditor's report thereon) and other sections of the annual report ("the Other Sections"), which we obtained prior to the date of this auditor's report.

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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with SSAs.

## 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

# INDEPENDENT AUDITOR'S REPORT

To the Members of Far East Orchard Limited

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

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

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

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

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

## **Report on Other Legal and Regulatory Requirements**

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

The engagement partner on the audit resulting in this independent auditor's report is Mr Chua Chin San.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
Revenue	4	<b>183,620</b>	140,968
Cost of sales	5	<b>(92,529)</b>	(67,862)
Gross profit		<b>91,091</b>	73,106
Other income			
– Interest income	7	<b>6,796</b>	2,560
– Others	7	<b>1,161</b>	576
Other gains/(losses) and impairment losses – net	8	<b>54,815</b>	(7,816)
Expenses			
– Distribution and marketing	5	<b>(10,544)</b>	(11,654)
– Administrative	5	<b>(40,269)</b>	(36,699)
– Finance	9	<b>(33,897)</b>	(20,895)
Share of profit of			
– Associated companies	17	<b>2,937</b>	3,122
– Joint ventures	18	<b>8,283</b>	20,596
Profit before income tax		<b>80,373</b>	22,896
Income tax expense	10(a)	<b>(14,312)</b>	(1,420)
<b>Profit after income tax</b>		<b>66,061</b>	21,476
<b>Other comprehensive income/(loss):</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Cash flow hedges – Fair value (losses)/gains	26	<b>(9,879)</b>	8,878
Share of other comprehensive (loss)/income of joint ventures		<b>(1,180)</b>	5,693
Currency translation differences arising from consolidation			
– Losses		<b>(971)</b>	(27,810)
– Reclassification		<b>(4,862)</b>	(1,627)
		<b>(16,892)</b>	(14,866)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Share of other comprehensive income of:			
– Associated companies	17	<b>1,695</b>	952
– Joint ventures	18	<b>6,036</b>	8,128
Revaluation gains on property, plant and equipment – net		<b>11,925</b>	5,497
Financial asset, at FVOCI			
– Fair value gains/(losses) - equity investment		<b>224</b>	(50)
Currency translation differences arising from consolidation		<b>(1,055)</b>	(6,358)
<b>Other comprehensive income/(loss), net of tax</b>	10(c)	<b>1,933</b>	(6,697)
<b>Total comprehensive income</b>		<b>67,994</b>	14,779
<b>Profit/(Loss) attributable to:</b>			
Equity holders of the Company		<b>65,946</b>	21,918
Non-controlling interest		<b>115</b>	(442)
		<b>66,061</b>	21,476
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		<b>66,655</b>	17,431
Non-controlling interest		<b>1,339</b>	(2,652)
		<b>67,994</b>	14,779
<b>Basic and diluted earnings per share for profit attributable to equity holders of the Company (cents per share)</b>	11	<b>13.70</b>	4.67

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

# BALANCE SHEET – GROUP

As at 31 December 2023

	Note	2023 \$'000	2022 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	12	225,632	233,195
Trade and other receivables	13	45,705	45,014
Inventories		389	363
Properties held for sale	15	170,666	176,218
Non-current asset classified as held-for-sale	20(b), 21(a)	10,569	365
		<b>452,961</b>	455,155
<b>Non-current assets</b>			
Derivative financial instruments	26	7,544	12,749
Financial asset, at FVOCI	16	2,063	1,140
Other non-current assets	14	5,418	5,599
Investments in associated companies	17	31,865	27,233
Investments in joint ventures	18	472,694	480,468
Investment properties	20	967,750	853,207
Property, plant and equipment	21	569,189	592,683
Intangible assets	23	101,059	103,343
Deferred income tax assets	28	4,605	3,657
		<b>2,162,187</b>	2,080,079
<b>Total assets</b>		<b>2,615,148</b>	2,535,234
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	24	102,222	99,422
Current income tax liabilities	10(b)	5,632	1,523
Lease liabilities	22	8,987	8,375
Borrowings	25	245,082	220,930
Deferred income	27	18,423	14,965
		<b>380,346</b>	345,215
<b>Non-current liabilities</b>			
Other payables	24	102,853	100,981
Derivative financial instruments	26	4,160	-
Lease liabilities	22	87,542	91,296
Borrowings	25	357,265	381,280
Deferred income	27	255,920	262,717
Deferred income tax liabilities	28	61,192	50,302
		<b>868,932</b>	886,576
<b>Total liabilities</b>		<b>1,249,278</b>	1,231,791
<b>NET ASSETS</b>		<b>1,365,870</b>	1,303,443
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	29	549,380	535,958
Revaluation and other reserves	30	351,535	351,099
Retained profits		454,701	407,471
		<b>1,355,616</b>	1,294,528
<b>Non-controlling interest</b>	19	10,254	8,915
<b>TOTAL EQUITY</b>		<b>1,365,870</b>	1,303,443

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

# BALANCE SHEET – COMPANY

As at 31 December 2023

	Note	2023 \$'000	2022 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	12	128,992	143,853
Trade and other receivables	13	181,186	180,151
Inventories		14	10
		<b>310,192</b>	324,014
<b>Non-current assets</b>			
Derivative financial instruments	26	3,793	6,572
Financial asset, at FVOCI	16	2,063	1,140
Other non-current assets	14	425,662	369,888
Investments in associated companies	17	696	696
Investment in a joint venture	18	300	300
Investments in subsidiaries	19	856,343	852,510
Investment properties	20	142,800	124,335
Property, plant and equipment	21	375,353	379,704
Deferred income tax assets	28	3,536	2,630
		<b>1,810,546</b>	1,737,775
<b>Total assets</b>		<b>2,120,738</b>	2,061,789
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	24	38,901	38,180
Current income tax liabilities	10(b)	624	-
Lease liabilities	22	6,757	6,213
Borrowings	25	148,660	119,002
Deferred income	27	6,797	6,804
		<b>201,739</b>	170,199
<b>Non-current liabilities</b>			
Other payables	24	197,703	338,471
Derivative financial instruments	26	4,160	-
Lease liabilities	22	65,960	67,384
Borrowings	25	238,989	230,575
Deferred income	27	255,920	262,717
Deferred income tax liabilities	28	889	-
		<b>763,621</b>	899,147
<b>Total liabilities</b>		<b>965,360</b>	1,069,346
<b>NET ASSETS</b>		<b>1,155,378</b>	992,443
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	29	549,380	535,958
Revaluation and other reserves	30	301,458	299,391
Retained profits	31	304,540	157,094
<b>TOTAL EQUITY</b>		<b>1,155,378</b>	992,443

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

Note	Attributable to equity holders of the Company								Total equity	
	Share capital	Capital reserve	Asset revaluation reserve	Currency translation reserve	Fair value reserve	Hedging reserve	Retained profits	Total		Non-controlling interest
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>										
<b>Balance at 1 January 2023</b>	<b>535,958</b>	<b>13,977</b>	<b>389,804</b>	<b>(67,846)</b>	<b>(1,595)</b>	<b>16,759</b>	<b>407,471</b>	<b>1,294,528</b>	<b>8,915</b>	<b>1,303,443</b>
Profit for the year	-	-	-	-	-	-	65,946	65,946	115	66,061
Other comprehensive income/(loss) for the year	-	-	15,338	(5,867)	1,919	(10,681)	-	709	1,224	1,933
<b>Total comprehensive income/(loss) for the year</b>	<b>-</b>	<b>-</b>	<b>15,338</b>	<b>(5,867)</b>	<b>1,919</b>	<b>(10,681)</b>	<b>65,946</b>	<b>66,655</b>	<b>1,339</b>	<b>67,994</b>
Dividend paid in cash relating to 2022	-	-	-	-	-	-	(5,567)	(5,567)	-	(5,567)
Shares issued in-lieu of cash for dividend relating to 2022	13,422	-	-	-	-	-	(13,422)	-	-	-
<b>Total transactions with owners, recognised directly in equity</b>	<b>13,422</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(18,989)</b>	<b>(5,567)</b>	<b>-</b>	<b>(5,567)</b>
Transfer of share of associated company's fair value reserve upon disposal	-	-	-	-	15	-	(15)	-	-	-
Transfer of revaluation gains to retained profits	-	-	(288)	-	-	-	288	-	-	-
<b>Balance at 31 December 2023</b>	<b>549,380</b>	<b>13,977</b>	<b>404,854</b>	<b>(73,713)</b>	<b>339</b>	<b>6,078</b>	<b>454,701</b>	<b>1,355,616</b>	<b>10,254</b>	<b>1,365,870</b>

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2023

Note	Attributable to equity holders of the Company							Total equity		
	Share capital	Capital reserve	Asset revaluation reserve	Currency translation reserve	Fair value reserve	Hedging reserve	Retained profits		Total	Non-controlling interest
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2022	525,053	13,977	378,667	(38,565)	(2,502)	4,004	399,494	1,280,128	11,567	1,291,695
Profit/(Loss) for the year	-	-	-	-	-	-	21,918	21,918	(442)	21,476
Other comprehensive income/(loss) for the year	-	-	11,137	(29,281)	902	12,755	-	(4,487)	(2,210)	(6,697)
Total comprehensive income/(loss) for the year	-	-	11,137	(29,281)	902	12,755	21,918	17,431	(2,652)	14,779
Dividend paid in cash relating to 2021	-	-	-	-	-	-	(3,031)	(3,031)	-	(3,031)
Shares issued in-lieu of cash for dividend relating to 2021	10,905	-	-	-	-	-	(10,905)	-	-	-
Total transactions with owners, recognised directly in equity	10,905	-	-	-	-	-	(13,936)	(3,031)	-	(3,031)
Transfer of share of associated company's fair value reserve upon disposal	-	-	-	-	5	-	(5)	-	-	-
Balance at 31 December 2022	535,958	13,977	389,804	(67,846)	(1,595)	16,759	407,471	1,294,528	8,915	1,303,443

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
Profit after income tax		<b>66,061</b>	21,476
Adjustments for:			
– Income tax expense	10(a)	<b>14,312</b>	1,420
– Depreciation of property, plant and equipment	5	<b>17,149</b>	17,639
– Amortisation of intangible assets	5	<b>2,284</b>	2,594
– Impairment of properties held for sale – net	8	<b>7,615</b>	3,151
– (Reversal of impairment)/Impairment of advances to a joint venture	8	<b>(28)</b>	68
– Impairment of property, plant and equipment	8	<b>105</b>	2
– Impairment of goodwill	8	-	5,110
– Fair value gains on investment properties – net	8	<b>(58,295)</b>	(2,610)
– Revaluation gains on property, plant and equipment	8	<b>(477)</b>	(2,292)
– Gain on re-measurement of lease liability	8	<b>(3)</b>	(45)
– Loss on derecognition of financial asset	8	-	30
– Gain on sale of reversionary interest in a property	8	-	(1,800)
– Loss on disposal of non-current asset classified as held-for-sale	8	<b>27</b>	-
– Gain on disposal of investment properties	8	-	(5,638)
– Loss/(Gain) on disposal of property, plant and equipment	8	<b>30</b>	(18)
– Reclassification of exchange differences from currency translation reserve	8	<b>(4,862)</b>	(1,627)
– Interest income	7	<b>(6,796)</b>	(2,560)
– Finance expenses	9	<b>33,897</b>	20,895
– Share of profit of associated companies	17	<b>(2,937)</b>	(3,122)
– Share of profit of joint ventures	18	<b>(8,283)</b>	(20,596)
– Unrealised currency translation losses		<b>954</b>	13,435
		<b>60,753</b>	45,512
Changes in working capital:			
– Trade and other receivables		<b>1,459</b>	(5,330)
– Inventories		<b>(33)</b>	(153)
– Properties held for sale		-	(16)
– Trade and other payables		<b>(668)</b>	(492)
Cash generated from operations		<b>61,511</b>	39,521
Interest paid		<b>(135)</b>	(135)
Income tax paid - net		<b>(1,000)</b>	(2,120)
<b>Net cash provided by operating activities</b>		<b>60,376</b>	37,266

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2023

	Note	2023 \$'000	2022 \$'000			
<b>Cash flows from investing activities</b>						
Additions to property, plant and equipment		(4,168)	(1,086)			
Proceeds from disposal of property, plant and equipment		-	21			
Additions to investment properties		(22,180)	(4,678)			
Proceeds from disposal of investment properties		-	18,728			
Proceeds from disposal of non-current asset classified as held-for-sale		350	-			
Investment in a financial asset, at FVOCI	16	(846)	(1,365)			
Proceeds from disposal of reversionary interest in a property		-	1,800			
Advanced payment		-	(1,122)			
Investment in joint ventures	18	-	(3,042)			
Advances to joint ventures		(3,160)	(16,309)			
Repayment of advances from a joint venture		1,966	833			
Dividends received from joint ventures	18	16,134	5,578			
Interest received		6,970	1,271			
<b>Net cash (used in)/provided by investing activities</b>		<b>(4,934)</b>	<b>629</b>			
<b>Cash flows from financing activities</b>						
Decrease in bank deposits pledged		2,162	3,156			
Proceeds from borrowings		108,750	196,390			
Repayment of borrowings		(124,209)	(214,314)			
Principal payment of lease liabilities		(8,569)	(9,053)			
Interest paid on lease liabilities		(5,864)	(6,199)			
Interest paid on borrowings		(27,444)	(14,427)			
Dividends paid to equity holders of the Company	32	(5,567)	(3,031)			
<b>Net cash used in financing activities</b>		<b>(60,741)</b>	<b>(47,478)</b>			
<b>Net decrease in cash and cash equivalents</b>		<b>(5,299)</b>	<b>(9,583)</b>			
<b>Cash and cash equivalents</b>						
Beginning of financial year		207,672	226,510			
Effects of currency translation on cash and cash equivalents		(102)	(9,255)			
<b>End of financial year</b>	12	<b>202,271</b>	<b>207,672</b>			
<b>Reconciliation of liabilities arising from financing activities</b>						
	Beginning of financial year \$'000	Principal and interest receipts/ (payments) \$'000	Non-cash changes			End of financial year \$'000
			Interest expenses \$'000	Additions/ (Disposals) - net \$'000	Lease re-measurement \$'000	Foreign exchange movement \$'000
<b>2023</b>						
Bank borrowings	602,210	(15,459)	430	-	-	15,166
Lease liabilities	99,671	(14,433)	5,864	5,427	-	-
Interest payable	256	(26,252)	26,276	-	-	-
Advances from non-controlling interest	138,462	(1,327)	1,327	-	-	-
<b>2022</b>						
Bank borrowings	692,035	(17,924)	281	-	-	(72,182)
Lease liabilities	109,564	(15,252)	6,199	(153)	(687)	-
Interest payable	403	(13,235)	13,088	-	-	-
Advances from non-controlling interest	138,462	(1,327)	1,327	-	-	-

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

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

## 1. GENERAL INFORMATION

Far East Orchard Limited (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 6 Eu Tong Sen Street, #04-28, The Central, Singapore 059817.

The principal activities of the Company are investment holding, hotel operations and property investment. The principal activities of its significant subsidiaries, joint ventures and associated company are included in Note 39.

## 2. MATERIAL ACCOUNTING POLICY INFORMATION

### 2.1 Basis of preparation

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

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

#### Interpretations and amendments to published standards effective in 2023

On 1 January 2023, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“INT SFRS(I)”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

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

### 2.2 Revenue

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group’s activities. Revenue is presented, net of value-added tax, rebates and discounts, and after eliminating sales within the Group.

The Group assesses its role as an agent or principal for each transaction and in an agency arrangement, the amounts collected on behalf of the principal are excluded from revenue. The Group recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and the specific criteria for each of the Group’s activities are met as follows:

(a) Hospitality operations

Revenue from operation of hotels and serviced residences is recognised over time as the accommodation and related services are provided and based on the daily room rates over the duration of the stay stated in the contract.

No element of financing is deemed present as the sales are made with a credit term of Nil to 30 days.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.2 Revenue (continued)

(b) Hospitality management and other related fees

(i) Hospitality management fees

Management fees earned from hospitality properties managed by the Group are recognised over time in the accounting period when services are rendered under the terms of the contract. The fees include a base fee, which is generally a percentage of the hospitality property's revenue, and/or an incentive fee, which is generally based on the hospitality property's profitability. No element of financing is deemed present as the sales are made with a credit term of Nil to 30 days.

(ii) Other related fees

Other related fees include centralised services fees, technical services fees and other incidental fees.

The Group assesses whether the Group transfers the services over time or at a point in time by determining if:

- i) the customer simultaneously receives and consumes the benefits provided by the Group as the Group performs the services;
- ii) its performance does not create an asset with an alternative use to the Group; and
- iii) the Group has an enforceable right to payment for performance completed to date.

The fees are recognised when the control of the service has been transferred to the customer or performance obligations have been satisfied under the terms of the contract.

For centralised service fees, revenue is recognised based on agreed rate over the number of hotel keys or a percentage of the hospitality property's revenue. For other fees, revenue is recognised based on agreed rate and completion of service milestone stated in the contract.

No element of financing is deemed present as the sales are made with a credit term of Nil to 30 days.

(c) Sale of properties held for sale

Revenue from sale of properties held for sale is recognised at a point in time when the control of the properties is transferred to the customer and the customer has accepted it in accordance with the sales contract.

Payment of the contract price is due immediately when the customer enters into the contract.

(d) Rental income

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

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.3 Government grants

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

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants that compensate the Group for expenses incurred are shown separately as "Other income".

### 2.4 Group accounting

#### (a) Subsidiaries

##### (i) Consolidation

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

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

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

##### (ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.4 Group accounting (continued)

#### (a) Subsidiaries (continued)

##### (ii) Acquisitions (continued)

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. Refer to Note 2.7(a) "*Intangible assets – Goodwill on acquisitions*" for the subsequent accounting policy on goodwill.

##### (iii) Disposals

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

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

Refer to Note 2.10 "*Investments in subsidiaries, joint ventures and associated companies*" for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

#### (b) Transactions with non-controlling interest

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

#### (c) Associated companies and joint ventures

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

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities.

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

##### (i) Acquisitions

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.4 Group accounting (continued)

#### (c) Associated companies and joint ventures (continued)

##### (ii) Equity method of accounting

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

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

##### (iii) Disposals

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

Refer to Note 2.10 "*Investments in subsidiaries, joint ventures and associated companies*" for the accounting policy on investments in associated companies and joint ventures in the separate financial statements of the Company.

### 2.5 Property, plant and equipment

#### (a) Measurement

##### (i) Land and buildings

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at the revalued amount less accumulated impairment losses. Buildings and leasehold land are subsequently carried at the revalued amounts less accumulated depreciation and accumulated impairment losses.

Land and buildings are revalued by independent external valuers on an annual basis or whenever their carrying amounts are likely to differ materially from their revalued amounts. When an asset is revalued, any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset. The net amount is then restated to the revalued amount of the asset.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.5 Property, plant and equipment (continued)

#### (a) Measurement (continued)

##### (i) Land and buildings (continued)

Increases in carrying amounts arising from revaluation, including currency translation differences, are recognised in other comprehensive income and accumulated in equity, unless they reverse a revaluation decrease of the same asset previously recognised in profit or loss. In this case, the increase is recognised in profit or loss. Decreases in carrying amounts are recognised in other comprehensive income to the extent of any credit balance existing in the equity in respect of that asset and reduces the amount accumulated in equity. All other decreases in carrying amounts are recognised in profit or loss.

##### (ii) Other property, plant and equipment

Construction-in-progress are initially carried at cost and subsequently transferred to the respective classes of property, plant and equipment upon completion.

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

##### (iii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs. Refer to Note 2.8 "Borrowing costs" for the accounting policy on borrowing costs.

#### (b) Depreciation

Freehold land and construction-in-progress are not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Buildings and offices	50 years or remaining lease term
Plant, equipment, furniture and fittings	3 – 10 years
Motor vehicles	5 – 10 years
Leasehold improvements and other assets	5 – 10 years

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

#### (c) Subsequent expenditure

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.5 Property, plant and equipment (continued)

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other gains/(losses) and impairment losses – net". Any amount in revaluation reserve relating to that item is transferred to retained profits directly.

### 2.6 Properties held for sale

Properties held for sale refer to completed properties that are held for sale. They are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### 2.7 Intangible assets

(a) Goodwill on acquisitions

Goodwill on acquisitions of subsidiaries and businesses represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on acquisitions of subsidiaries and businesses is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on acquisitions of associated companies and joint ventures represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on associated companies and joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiaries, associated companies and joint ventures include the carrying amount of goodwill relating to the entity sold.

(b) Acquired hospitality lease agreements and hospitality management agreements

Hospitality lease agreements and hospitality management agreements acquired in a business combination are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses, if any. These costs are amortised to profit or loss using the straight-line method over the term of the agreements of 10 to 40 years.

### 2.8 Borrowing costs

Borrowing costs are recognised in profit or loss using the effective interest method except for those costs that are directly attributable to the construction or development of properties and assets under construction. This includes those costs on borrowings acquired specifically for the construction or development of properties under construction, as well as those in relation to general borrowings used to finance the construction or development of properties and assets under construction.

The actual borrowing costs incurred during the period of time that is required to complete the asset for its intended use less any investment income on temporary investment of these borrowings, are capitalised in the cost of the asset under construction or property under development. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.9 Investment properties

Investment properties include those portions of land and buildings that are held for long-term rental yields and/or for capital appreciation or for a currently indeterminate use. Investment properties include properties that are being constructed or developed for future use as investment properties.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent external valuers on the highest-and-best-use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations or improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

### 2.10 Investments in subsidiaries, joint ventures and associated companies

Investments in subsidiaries, joint ventures and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.11 Impairment of non-financial assets

- (a) Goodwill and intangible assets (including brands) with indefinite lives

Goodwill and intangible assets (including brands) with indefinite lives are tested for impairment annually and whenever there is indication that the goodwill may be impaired.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and the value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

The Group, through its joint venture, holds brands with indefinite lives.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.11 Impairment of non-financial assets (continued)

- (b) Other intangible assets  
 Property, plant and equipment  
 Right-of-use assets  
 Investments in subsidiaries, joint ventures and associated companies

Other intangible assets, property, plant and equipment, right-of-use assets and investments in subsidiaries, joint ventures and associated companies are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Refer to Note 2.5(a)(i) "*Property, plant and equipment*" for the treatment of a revaluation decrease.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in profit or loss.

### 2.12 Investments and other financial assets

- (a) Classification and measurement

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

- Amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- Fair value through profit or loss ("FVPL").

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.12 Investments and other financial assets (continued)

#### (a) Classification and measurement (continued)

##### At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

##### At subsequent measurement

#### (i) Debt instruments

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

There are three subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset:

- Amortised cost: Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest method.
- FVOCI: Debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in other comprehensive income and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and presented in "Other gains/(losses) and impairment losses – net". Interest income from these financial assets is recognised using the effective interest method and presented in "Other income".
- FVPL: Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises and presented in "Other gains/(losses) and impairment losses – net".

#### (ii) Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity instruments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "Other gains/(losses) and impairment losses – net", except where the Group has elected to classify the investments as FVOCI. Movements in fair values of investments classified as FVOCI are presented as "Fair value gains and losses" in other comprehensive income. Dividends from equity investments are recognised in profit or loss as "Dividend income".

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.12 Investments and other financial assets (continued)

#### (b) Impairment

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

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

#### (c) Recognition and derecognition

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

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

On disposal of a debt instrument, the difference between the carrying amount and the sales proceed is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

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

### 2.13 Non-current assets held-for-sale

Non-current assets are classified as assets held-for-sale and carried at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

### 2.14 Derivative financial instruments and hedging activities

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates each hedge as either: (a) cash flow hedge; or (b) net investment hedge.

Fair value changes on derivatives that are not designated or do not qualify for hedge accounting are recognised in profit or loss when the changes arise.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.14 Derivative financial instruments and hedging activities (continued)

The Group documents at the inception of the transaction the relationship between the hedging instruments and hedged items, as well as its risk management objective and strategies for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis on whether the hedging relationship meets the hedge effectiveness requirements under SFRS(I) 9.

The fair value of various derivative financial instruments used for hedging purposes are disclosed in Note 26. The carrying amount of a derivative designated as a hedge is presented as a non-current asset or liability if the remaining expected life of the hedged item is more than 12 months, and as a current asset or liability if the remaining expected life of the hedged item is less than 12 months. The fair value of a trading derivative is presented as a current asset or liability.

The following hedges in place qualified respectively as cash flow and net investment hedges under SFRS(I) 9.

(a) Cash flow hedge – Interest rate swaps

The Group has entered into interest rate swaps that are cash flow hedges for the Group's exposure to interest rate risk on its borrowings. These contracts entitle the Group to receive interest at floating rates on notional principal amounts and oblige the Group to pay interest at fixed rates on the same notional principal amounts, thus allowing the Group to raise borrowings at floating rates and swap them into fixed rates.

The fair value changes on the effective portion of interest rate swaps designated as cash flow hedges are recognised in other comprehensive income, accumulated in the hedging reserve and reclassified to profit or loss when the hedged interest expense on the borrowings is recognised in profit or loss and presented separately in "Finance expenses". The fair value changes on the ineffective portion of interest rate swaps are recognised immediately in profit or loss.

(b) Net investment hedge

The Group has foreign currency borrowings that qualify as net investment hedges of foreign operations. These hedging instruments are accounted for similarly to cash flow hedges. The currency translation differences on the borrowings relating to the effective portion of the hedge are recognised in other comprehensive income in the consolidated financial statements, accumulated in the currency translation reserve and reclassified to profit or loss as part of the gain or loss on disposal of the foreign operation. The currency translation differences relating to the ineffective portion of the hedge are recognised immediately in profit or loss.

### 2.15 Financial guarantees

The Company has issued letters of undertaking to banks for bank borrowings of certain subsidiaries. These undertakings are financial guarantees as they require the Company to reimburse the banks if these subsidiaries fail to meet financial covenants in accordance with the terms of borrowings. Intra-group transactions are eliminated on consolidation.

### 2.16 Borrowings

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.17 Trade and other payables

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

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

### 2.18 Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

### 2.19 Leases

(a) When the Group is the lessee:

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

- Right-of-use assets

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

These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meet the definition of an investment property) are presented within "Property, plant and equipment".

There are no right-of-use assets which meet the definition of an investment property.

- Lease liabilities

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

Lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payments that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For contracts that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease components for property leases and accounts these as one single lease component.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.19 Leases (continued)

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

- Lease liabilities (continued)

Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be re-measured when:

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

Lease liabilities are re-measured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short-term and low value leases

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

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Group shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 22.

(b) When the Group is the lessor

- Lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

### 2.20 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.20 Income taxes (continued)

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

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

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities, except for investment properties. Investment property measured at fair value is presumed to be recovered entirely through sale.

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

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

### 2.21 Provisions

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

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the consolidated statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.22 Employee compensation

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

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

### 2.23 Currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

Foreign exchange gains and losses that relate to borrowings and all other foreign exchange gains and losses impacting profit or loss are presented in the income statement within "Other gains/(losses) and impairment losses – net".

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

(c) Translation of Group entities' financial statements

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

### 2.23 Currency translation (continued)

(c) Translation of Group entities' financial statements (continued)

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

### 2.24 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's Group Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

### 2.25 Cash and cash equivalents

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

### 2.26 Offsetting of financial instruments

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

### 2.27 Share capital

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

### 2.28 Dividends to equity holders of the Company

Dividends to equity holders of the Company are recognised when the dividends are approved for payment.

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### 3.1 Valuation of investment properties and land and buildings classified under property, plant and equipment

As at 31 December 2023, the Group's investment properties of \$967,750,000 (2022: \$853,207,000) (Note 20) and land and buildings of \$479,717,000 (2022: \$500,545,000) (Note 21) classified under property, plant and equipment, are stated at their estimated fair values determined by independent external valuers. These estimated fair values may differ significantly from the prices at which these properties can be sold due to the actual negotiations between willing buyers and sellers as well as changes in assumptions and conditions arising from unforeseen events. Consequently, the actual results and the realisation of these properties could differ significantly from the estimates set forth in these financial statements.

If the actual fair values of investment properties increase or decrease by 1% (2022: 1%) from the estimates, the profit after tax and net assets will increase or decrease by \$8,002,000 (2022: \$7,089,000).

If the actual fair values of land and buildings classified under property, plant and equipment increase or decrease by 1% (2022: 1%) from the estimates, the total comprehensive income and the net assets of the Group will increase or decrease by \$4,402,000 (2022: \$4,567,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (continued)

### 3.2 Impairment assessment of goodwill

Based on the Group's impairment assessment, no impairment is required for goodwill allocated to CGU within the hospitality business for 'Management services – Singapore' CGU of \$37,257,000 (2022: \$37,257,000). The recoverable amount of the Management services CGU was determined based on fair value less cost to sell ("FVLCTS").

Judgements are used to estimate the key assumptions applied (Note 23(a)) in computing the recoverable amounts of the CGU.

A reasonably possible change of the following magnitude on the key assumptions will not result in a reduction of the carrying amount of the goodwill as at 31 December 2023:

	<u>Higher/(lower)</u>
<u>Discounted Cash Flow method</u>	
EBITDA* margin	(5.0%)
Terminal growth rate	(1.0%)
Post-tax discount rate	<u>0.5%</u>
* EBITDA is defined as earnings before interest, taxes, depreciation and amortisation	
<u>Guideline Public Company method</u>	
Multiples	(10.0%)
Normalised earnings	<u>(10.0%)</u>

### 3.3 Valuation of investment in joint venture, Toga Hotel Holdings Unit Trust ("Toga Trust")

As at 31 December 2023, the carrying value of the Group's investment in Toga Trust accounted for using the equity method of accounting amounted to \$175,722,000 (2022: \$191,005,000) (Note 18). The Group's share of Toga Trust's results recognised in the profit or loss and other comprehensive income are affected by the significant estimates and assumptions applied by Toga Trust in the:

- Determination of the fair value of its land and buildings classified under property, plant and equipment with a carrying amount of \$350,557,000 (2022: \$361,085,000); and
- Impairment assessment of its goodwill and brands with indefinite lives with a carrying amount of \$172,290,000 (2022: \$175,041,000).

The carrying amounts above reflect the amounts presented in the financial statements of Toga Trust and not the Group's share of those amounts.

If the actual fair values of these land and buildings increase or decrease by 1% (2022: 1%), the net assets of the Group will increase or decrease by \$1,250,000 (2022: \$1,287,000).

If the recoverable amount of the CGU (which the goodwill and brands with indefinite lives are allocated to) decreases by 5% (2022: 5%), there will be no impact (2022: reduction of \$235,000) to the carrying value of the Group's investment in Toga Trust.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 4. REVENUE

	Group	
	2023	2022
	\$'000	\$'000
Revenue from contracts with customers	<b>123,792</b>	87,981
Rental income	<b>59,828</b>	52,987
	<b>183,620</b>	140,968

### (a) Disaggregation of revenue from contracts with customers

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

	Group	
	2023	2022
	\$'000	\$'000
Hospitality ownership and operations		
– Singapore	<b>40,650</b>	24,240
– Australia	<b>52,935</b>	42,699
– Other countries	<b>7,766</b>	2,518
	<b>101,351</b>	69,457
Hospitality management and other related fees received/receivable		
Singapore		
– Other related parties	<b>22,134</b>	18,311
– Non-related parties	-	52
Other countries		
– Other related parties	<b>307</b>	161
Total revenue from contracts with customers	<b>123,792</b>	87,981

### (b) Contract liabilities

	Group		
	31 December	1 January	
	2023	2022	2022
	\$'000	\$'000	\$'000
Hospitality ownership and operations	<b>105</b>	89	870
Hospitality management and other related fees	<b>304</b>	243	55
Total contract liabilities (Note 24)	<b>409</b>	332	925

Contract liabilities have increased due to the increase in overall contract activities with customers.

*Revenue recognised in relation to contract liabilities*

	Group	
	2023	2022
	\$'000	\$'000
<i>Revenue recognised in current year that was included in the contract liability balance at the beginning of the year</i>		
Hospitality ownership and operations	<b>89</b>	870
Hospitality management and other related fees	<b>243</b>	55
	<b>332</b>	925

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 4. REVENUE (continued)

(c) Trade receivables from contracts with customers

	Group			Company		
	31 December	1 January		31 December	1 January	
	<b>2023</b>	2022	2022	<b>2023</b>	2022	2022
	<b>\$'000</b>	\$'000	\$'000	<b>\$'000</b>	\$'000	\$'000
<b>Current assets</b>						
Trade receivables from contracts with customers	<b>9,659</b>	11,900	5,530	<b>1,219</b>	1,463	528
Less: Allowance for impairment of receivables	<b>(9)</b>	(51)	(19)	-	-	-
	<b>9,650</b>	11,849	5,511	<b>1,219</b>	1,463	528

### 5. EXPENSES BY NATURE

	Group	
	<b>2023</b>	2022
	<b>\$'000</b>	\$'000
Depreciation of property, plant and equipment (Note 21)	<b>17,149</b>	17,639
Amortisation of intangible assets (Note 23(b))	<b>2,284</b>	2,594
Advertising, promotion and marketing	<b>6,340</b>	8,201
Hospitality supplies and services	<b>22,561</b>	16,346
Hospitality management fees – joint venture	<b>1,956</b>	1,695
Directors' fees	<b>459</b>	514
Employee compensation (Note 6)	<b>43,142</b>	35,192
Property tax and upkeep of properties	<b>23,802</b>	18,288
Rental expense on operating leases (Note 22(d))		
– other related parties	<b>8,555</b>	1,053
– non-related parties	<b>1,492</b>	182
Support services paid/payable to:		
– joint venture	<b>3,696</b>	2,896
– other related parties	<b>2,661</b>	2,903
Fees on audit services paid/payable to:		
– auditor of the Company	<b>497</b>	505
– other auditors*	<b>440</b>	383
Fees on non-audit services paid/payable to:		
– auditor of the Company	<b>69</b>	168
– other auditors*	<b>144</b>	82
Professional fees	<b>4,311</b>	5,396
Insurance	<b>1,242</b>	1,138
Allowance for impairment losses on trade receivables – net (Note 34(b))	<b>380</b>	852
Other expenses	<b>2,162</b>	188
Total cost of sales, distribution and marketing, and administrative expenses	<b>143,342</b>	116,215

\* Includes the network of member firms of PricewaterhouseCoopers ("PwC") International Limited and auditors not within the network of member firms of PwC.

Included in the Group's other expenses is amortisation of deferred income (Note 27) amounting to \$5,166,000 (2022: \$5,166,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 6. EMPLOYEE COMPENSATION

	Group	
	2023	2022
	\$'000	\$'000
Wages, salaries and benefits	39,646	32,285
Employer's contribution to defined contribution plans, including Central Provident Fund	3,496	2,907
	<b>43,142</b>	<b>35,192</b>

## 7. OTHER INCOME

	Group	
	2023	2022
	\$'000	\$'000
Interest income from:		
– bank deposits	6,703	2,444
– advances to joint ventures	93	116
	<b>6,796</b>	<b>2,560</b>
Government grant income (a)	813	242
Other miscellaneous income	348	334
	<b>1,161</b>	<b>576</b>
	<b>7,957</b>	<b>3,136</b>

(a) Government grant income received in the financial year ended 31 December 2023 includes various grant supports from the Singapore government. Grant income received in the financial year ended 31 December 2022 relates mainly to wage subsidies received from the Singapore government.

## 8. OTHER GAINS/(LOSSES) AND IMPAIRMENT LOSSES – NET

	Group	
	2023	2022
	\$'000	\$'000
(Impairment)/Reversal of impairment of:		
– properties held for sale – net (Note 15)	(7,615)	(3,151)
– advances to a joint venture	28	(68)
– property, plant and equipment (Note 21)	(105)	(2)
– goodwill (Note 23(a))	-	(5,110)
Fair value gains on investment properties – net (Note 20)	58,295	2,610
Revaluation gains on property, plant and equipment (Note 21)	477	2,292
Gain on re-measurement of lease liability	3	45
Loss on derecognition of financial asset	-	(30)
Gain on sale of reversionary interest in a property (a)	-	1,800
(Loss)/Gain on disposal of:		
– non-current asset classified as held-for-sale	(27)	-
– property, plant and equipment	(30)	18
– investment properties (b)	-	5,638
Currency exchange losses – net	(1,073)	(13,485)
Reclassification of exchange differences from currency translation reserve (c), (Note 30(ii))	4,862	1,627
	<b>54,815</b>	<b>(7,816)</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 8. OTHER GAINS/(LOSSES) AND IMPAIRMENT LOSSES – NET (continued)

- (a) During the financial year ended 31 December 2022, the Group recognised a gain on sale of its revisionary interest of approximately 1.5 years in the whole of Lot 320N of Town Subdivision 8 together with the building erected thereon known as Village Residences Clarke Quay (“VRCQ”) situated at 20 Havelock Road, Singapore (the “Sale”) upon completion of the Sale in March 2022. Subsequent to the completion of the Sale, the master lease agreement of VRCQ was terminated and the operations ceased from the end of March 2022.
- (b) Following the completion of the collective sale of Tanglin Shopping Centre (“TSC”) in November 2022, a gain on sale of investment property of \$5,638,000, being the difference between the sale consideration and carrying value of the four office units in TSC owned by the Company, was recognised during the financial year ended 31 December 2022.
- (c) During the financial year ended 31 December 2023, currency exchange difference of \$4,862,000 attributable to the equity holders of the Company was reclassified from the currency translation reserve to profit or loss primarily due to the liquidation of overseas subsidiaries. During the financial year ended 31 December 2022, currency exchange difference of \$1,627,000 attributable to the equity holders of the Company was reclassified from the currency translation reserve to profit or loss subsequent to the waiver of the advances to a subsidiary, which was liquidated in 2023.

## 9. FINANCE EXPENSES

	Group	
	2023	2022
	\$'000	\$'000
Interest expense for:		
– bank borrowings	33,976	15,066
– advances from non-controlling interests	1,327	1,327
– lease liabilities (Note 22(c))	5,864	6,199
	<b>41,167</b>	22,592
Cash flow hedges, reclassified from hedging reserves (Note 30(iv))	<b>(7,270)</b>	(1,697)
Finance expenses recognised in profit or loss	<b>33,897</b>	20,895

## 10. INCOME TAXES

- (a) Income tax expense

	Group	
	2023	2022
	\$'000	\$'000
Tax expense attributable to profit is made up of:		
Profit for the financial year:		
Singapore	3,243	1,087
Foreign	3,347	1,172
Current income tax	6,590	2,259
Deferred income tax (Note 28)	9,146	223
	<b>15,736</b>	2,482
Over-provision in prior financial years:		
Singapore	(595)	(101)
Foreign	(829)	(961)
Current income tax	(1,424)	(1,062)
	<b>14,312</b>	1,420

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 10. INCOME TAXES (continued)

#### (a) Income tax expense (continued)

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

	Group	
	2023	2022
	\$'000	\$'000
Profit before income tax	<b>80,373</b>	22,896
Share of profit of:		
– associated companies, net of tax	<b>(2,937)</b>	(3,122)
– joint ventures, net of tax	<b>(8,283)</b>	(20,596)
	<b>(11,220)</b>	(23,718)
Profit/(Loss) before income tax and share of profit of associated companies and joint ventures	<b>69,153</b>	(822)
Tax calculated at tax rate of 17% (2022: 17%)	<b>11,756</b>	(140)
Effects of:		
– different tax rates in other countries	<b>3,862</b>	(2,014)
– expenses not deductible for tax purposes	<b>8,011</b>	9,205
– income not subject to tax	<b>(6,262)</b>	(4,960)
– statutory stepped income exemption	<b>(101)</b>	(52)
– deferred tax asset not recognised	<b>158</b>	1,576
– utilisation of previously unrecognised tax losses and capital allowances	<b>(1,792)</b>	(1,133)
– unremitted profit of a joint venture	<b>104</b>	-
– over-provision of tax in prior financial years	<b>(1,424)</b>	(1,062)
Tax charge	<b>14,312</b>	1,420

#### (b) Movement in current income tax liabilities

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Beginning of financial year	<b>1,523</b>	2,640	-	-
Currency translation differences	<b>(57)</b>	(194)	-	-
Income tax paid – net	<b>(1,000)</b>	(2,120)	-	-
Tax expense	<b>6,590</b>	2,259	<b>624</b>	-
Over-provision in prior financial years	<b>(1,424)</b>	(1,062)	-	-
End of financial year	<b>5,632</b>	1,523	<b>624</b>	-

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 10. INCOME TAXES (continued)

(c) Tax effects – other comprehensive income/(loss)

	2023			2022		
	Before tax \$'000	Tax charge \$'000	After tax \$'000	Before tax \$'000	Tax charge \$'000	After tax \$'000
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Cash flow hedges –						
Fair value (losses)/gains	<b>(9,879)</b>	-	<b>(9,879)</b>	8,878	-	8,878
Share of other comprehensive (loss)/income of joint ventures	<b>(1,180)</b>	-	<b>(1,180)</b>	5,693	-	5,693
Currency translation differences arising from consolidation						
– Losses	<b>(971)</b>	-	<b>(971)</b>	(27,810)	-	(27,810)
– Reclassification	<b>(4,862)</b>	-	<b>(4,862)</b>	(1,627)	-	(1,627)
<i>Items that will not be reclassified subsequently to profit or loss:</i>						
Share of other comprehensive income/(losses) of:						
– associated companies	<b>1,695</b>	-	<b>1,695</b>	952	-	952
– joint ventures	<b>6,846</b>	<b>(810)</b>	<b>6,036</b>	9,125	(997)	8,128
Revaluation gains on property, plant and equipment – net	<b>12,419</b>	<b>(494)</b>	<b>11,925</b>	10,648	(5,151)	5,497
Financial asset, at FVOCI – Fair value gains/(losses) – equity investment	<b>224</b>	-	<b>224</b>	(50)	-	(50)
Currency translation differences arising from consolidation	<b>(1,055)</b>	-	<b>(1,055)</b>	(6,358)	-	(6,358)
	<b>3,237</b>	<b>(1,304)</b>	<b>1,933</b>	(549)	(6,148)	(6,697)

### 11. EARNINGS PER SHARE

Basic earnings per share (“EPS”) is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2023	2022
Net profit attributable to equity holders of the Company (\$'000)	<b>65,946</b>	21,918
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	<b>481,402</b>	469,728
Basic EPS (cents per share)	<b>13.70</b>	4.67

Diluted EPS was the same as basic EPS as there are no dilutive potential ordinary shares.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 12. CASH AND BANK BALANCES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Cash at bank and on hand	65,978	51,526	6,105	7,276
Short-term bank deposits	159,654	181,669	122,887	136,577
	<b>225,632</b>	<b>233,195</b>	<b>128,992</b>	<b>143,853</b>

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

	Group	
	2023 \$'000	2022 \$'000
Cash and bank balances (as above)	225,632	233,195
Less: Bank deposits pledged	(23,361)	(25,523)
Cash and cash equivalents per consolidated statement of cash flows	<b>202,271</b>	<b>207,672</b>

Bank deposits are pledged in relation to the security granted for certain borrowings (Note 25).

## 13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Trade receivables:				
– other related parties	3,374	4,095	10	26
– non-related parties	13,113	13,750	1,219	1,903
	<b>16,487</b>	<b>17,845</b>	<b>1,229</b>	<b>1,929</b>
Less: Allowance for impairment of receivables (Note 34(b))				
– non-related parties	(1,771)	(1,358)	-	-
	<b>14,716</b>	<b>16,487</b>	<b>1,229</b>	<b>1,929</b>
Advances to:				
– subsidiaries	-	-	173,513	171,187
– joint ventures	19,371	15,665	-	-
Deposits:				
– other related parties	5,190	5,253	5,159	5,222
– non-related parties	38	38	10	10
Prepayments	2,845	3,639	207	273
Other receivables:				
– other related parties	1,439	1,382	26	-
– non-related parties	2,106	2,550	1,042	1,530
	<b>30,989</b>	<b>28,527</b>	<b>179,957</b>	<b>178,222</b>
	<b>45,705</b>	<b>45,014</b>	<b>181,186</b>	<b>180,151</b>

The advances to subsidiaries by the Company and the other receivables from other related parties of the Group and the Company, if any, are unsecured, repayable on demand and interest-free, except that the advances to a subsidiary by the Company of \$154,812,000 (2022: \$154,812,000) is interest-bearing at a weighted average effective rate of 2.0% (2022: 2.0%) per annum. The advances to joint ventures by the Group are unsecured, repayable on demand and interest-free.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 14. OTHER NON-CURRENT ASSETS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Prepayments	506	333	121	137
Advances to:				
– subsidiaries	-	-	425,541	369,751
– associated company	867	867	-	-
– a joint venture	4,912	5,266	-	-
	<b>6,285</b>	6,466	<b>425,662</b>	369,888
Less: Allowance for impairment of advances to an associated company	(867)	(867)	-	-
	<b>5,418</b>	5,599	<b>425,662</b>	369,888

The non-current advances to subsidiaries and an associated company by the Company and the Group, if any, are unsecured, not expected to be repayable in the next twelve months and interest-free except for advances to subsidiaries by the Company of \$425,541,000 (2022: \$369,751,000), which is interest-bearing at a weighted average effective rate of 4.9% (2022: 3.4%) per annum. The advances to a joint venture are unsecured and interest-bearing at an effective rate of 2.0% (2022: 2.0%) per annum and are repayable on 30 April 2025.

### 15. PROPERTIES HELD FOR SALE

	Group	
	2023 \$'000	2022 \$'000
Medical suites	118,162	118,162
Mixed development	52,504	58,056
	<b>170,666</b>	176,218

Details of the Group's properties held for sale as at 31 December 2023 are as follows:

Location	Description/ existing use	Net floor area (sm)	Group's effective interest
Novena Medical Center, 10 Sinaran Drive Singapore	7 units of medical suites	515	100%
Novena Specialist Center, 8 Sinaran Drive Singapore	29 units of medical suites	2,115	100%
Westminster Fire Station, London, United Kingdom	17 residential units and 1 restaurant unit ("Mixed development")	2,154	100%

During the financial year ended 31 December 2023, the decrease in value was due to an impairment charge of \$7,615,000 recognised on the mixed development held for sale based on net realisable value, offset by currency translation gain. The net realisable value was derived with reference from independent external valuation performed as at 31 December 2023.

During the financial year ended 31 December 2022, an impairment charge of \$4,277,000 was recognised on the mixed development held for sale, partially offset by the reversal of the impairment charge previously recorded on medical suites of \$1,126,000 based on the net realisable values derived with reference from independent external valuations.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 16. FINANCIAL ASSET, AT FVOCI

	Group and Company	
	2023	2022
	\$'000	\$'000
<b>Unlisted equity security:</b>		
Beginning of financial year	1,140	-
Additions	846	1,365
Fair value gains/(losses) (Note 30(iii))	224	(50)
Foreign exchange differences	(147)	(175)
	<b>2,063</b>	1,140

## 17. INVESTMENTS IN ASSOCIATED COMPANIES

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Equity investment at cost			<b>696</b>	696
Beginning of financial year	<b>27,233</b>	23,159		
Share of:				
– profit	<b>2,937</b>	3,122		
– movement in fair value reserve (Note 30(iii))	<b>1,695</b>	952		
End of financial year	<b>31,865</b>	27,233		

The details of the Group's associated company, FEO Hospitality Asset Management Pte. Ltd. ("FEOHAM"), which, in the opinion of the directors is material to the Group are set out in Note 39. Set out below are the summarised financial information for FEOHAM.

### Summarised balance sheet

	2023	2022
	\$'000	\$'000
Current assets	<b>9,532</b>	8,463
Current liabilities	<b>(4,824)</b>	(4,245)
Non-current assets	<b>90,916</b>	77,268
Non-current liabilities	<b>(102)</b>	-
<b>Net assets</b>	<b>95,522</b>	81,486

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 17. INVESTMENTS IN ASSOCIATED COMPANIES (continued)

### Summarised statement of comprehensive income

	For the financial year ended	
	2023	2022
	\$'000	\$'000
Revenue	10,604	10,995
Profit before income tax	10,712	11,298
<b>Profit after income tax</b>	<b>8,900</b>	9,460
<b>Other comprehensive income, net of tax</b>	<b>5,136</b>	2,885
<b>Total comprehensive income</b>	<b>14,036</b>	12,345

The information above reflects the amounts presented in the financial statements of FEOHAM and not the Group's share of those amounts, adjusted for differences in accounting policies between the Group and the associated company.

Reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in the associated companies is as follows:

	2023	2022
	\$'000	\$'000
<b>Net assets</b>	<b>95,522</b>	81,486
Group's equity interest in FEOHAM	33%	33%
Group's share of net assets	31,522	26,890
Goodwill	343	343
<b>Carrying value</b>	<b>31,865</b>	27,233

## 18. INVESTMENTS IN JOINT VENTURES

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Equity investment at cost			300	300
Beginning of financial year	480,468	470,212		
Additions	-	3,042		
Share of profit	8,283	20,596		
Share of movements in:				
– asset revaluation reserve (Note 30(i))	6,036	8,128		
– currency translation reserve (Note 30(ii))	(50)	223		
– hedging reserve (Note 30(iv))	(1,146)	5,537		
Dividends received	(16,134)	(5,578)		
Foreign exchange differences	(4,763)	(21,692)		
End of financial year	472,694	480,468		

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 18. INVESTMENTS IN JOINT VENTURES (continued)

In June 2022, the Group entered into a joint venture agreement in relation to the acquisition of a plot of land located in Bristol, United Kingdom, to carry out the development of a purpose-built student accommodation project (the "PBSA Development"). As at 31 December 2022, the Group has injected capital of £1,800,000 (approximately \$3,042,000) into the joint venture for the PBSA Development. During the year ended 31 December 2023, the Group has extended advances of £1,859,000 (approximately \$3,140,000) to the joint venture.

### Summarised financial information for material joint ventures

The details of the Group's joint ventures, Toga Trust and Woodlands Square Pte. Ltd. ("WSPL"), which, in the opinion of the directors, are material to the Group are set out in Note 39.

Set out below are the summarised financial information for Toga Trust and WSPL.

### Summarised consolidated balance sheet

	Toga Trust		WSPL	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Current assets</b>	<b>102,697</b>	98,608	<b>390,317</b>	454,684
Includes:				
– Cash and bank balances	<b>64,281</b>	63,420	<b>12,249</b>	28,712
– Trade and other receivables	<b>38,416</b>	35,188	<b>3,088</b>	29,986
– Properties held for sale	-	-	<b>374,980</b>	395,986
<b>Current liabilities</b>	<b>(218,720)</b>	(113,387)	<b>(200,166)</b>	(20,205)
Includes:				
– Financial liabilities (excluding trade payables)	<b>(127,597)</b>	(35,395)	<b>(178,812)</b>	(333)
– Other current liabilities (including trade payables)	<b>(91,123)</b>	(77,992)	<b>(21,354)</b>	(19,872)
<b>Non-current assets</b>	<b>1,374,113</b>	1,323,366	<b>306,226</b>	300,410
Includes:				
– Trade and other receivables	-	-	-	7
– Property, plant and equipment <sup>(1)</sup>	<b>964,000</b>	915,458	<b>1,726</b>	503
– Investment property	-	-	<b>304,500</b>	299,900
– Intangible assets <sup>(2)</sup>	<b>207,312</b>	213,798	-	-
<b>Non-current liabilities</b>	<b>(918,275)</b>	(938,205)	-	(252,867)
Includes:				
– Financial liabilities	<b>(716,900)</b>	(746,181)	-	(250,011)
– Other liabilities	<b>(201,375)</b>	(192,024)	-	(2,856)
<b>Net assets</b>	<b>339,815</b>	370,382	<b>496,377</b>	482,022

<sup>(1)</sup> Includes land and buildings held at fair value amounting to \$350,557,000 (2022: \$361,085,000) for Toga Trust.

<sup>(2)</sup> Includes goodwill and brands with indefinite lives amounting to \$172,290,000 (2022: \$175,041,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 18. INVESTMENTS IN JOINT VENTURES (continued)

*Summarised financial information for material joint ventures (continued)*

### Summarised consolidated statement of comprehensive income

	Toga Trust		WSPL	
	For the financial year ended		For the financial year ended	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Revenue	<b>408,764</b>	411,065	<b>45,959</b>	54,465
Interest income	<b>1,660</b>	471	<b>94</b>	67
Expenses				
Includes:				
– Depreciation and amortisation	<b>(59,454)</b>	(64,073)	<b>(218)</b>	(55)
– Interest expense	<b>(31,530)</b>	(30,088)	<b>(8,881)</b>	(6,644)
Profit before income tax	<b>5,048</b>	40,419	<b>14,355</b>	7,548
Income tax expense	<b>(2,054)</b>	(12,699)	-	-
<b>Profit after income tax</b>	<b>2,994</b>	27,720	<b>14,355</b>	7,548
<b>Other comprehensive income, net of tax</b>	<b>5,084</b>	24,190	-	-
<b>Total comprehensive income</b>	<b>8,078</b>	51,910	<b>14,355</b>	7,548
<b>Dividends received from the joint venture</b>	<b>16,134</b>	4,578	-	-

The information above reflects the amounts presented in the financial statements of the joint ventures, and not the Group's share of those amounts, adjusted for differences in accounting policies between the Group and the joint ventures.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 18. INVESTMENTS IN JOINT VENTURES (continued)

### Reconciliation of the summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Group's interest in the joint ventures are as follows:

	Toga Trust		WSPL	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Net assets at beginning of financial year	<b>370,382</b>	354,186	<b>482,022</b>	474,474
Profit for the year	<b>2,994</b>	27,720	<b>14,355</b>	7,548
Other comprehensive income	<b>5,084</b>	24,190	-	-
Dividends paid	<b>(32,268)</b>	(9,156)	-	-
Foreign exchange differences	<b>(6,377)</b>	(26,558)	-	-
<b>Net assets at end of financial year</b>	<b>339,815</b>	370,382	<b>496,377</b>	482,022
Group's equity interest in Toga Trust and WSPL	<b>50%</b>	50%	<b>33%</b>	33%
Group's share of net assets	<b>169,908</b>	185,191	<b>165,459</b>	160,674
Goodwill	<b>5,814</b>	5,814	-	-
<b>Carrying value</b>	<b>175,722</b>	191,005	<b>165,459</b>	160,674

### Information about immaterial joint ventures

The following table summarises, in aggregate, the Group's carrying amount, share of net profit and other comprehensive income of the individually immaterial joint ventures accounted for using the equity method:

	2023 \$'000	2022 \$'000
<u>Carrying value</u>		
Total carrying amount of investments in joint ventures	<b>472,694</b>	480,468
Less: carrying amount of investments in material joint ventures disclosed separately	<b>(341,181)</b>	(351,679)
<b>Carrying amount of investments in individually immaterial joint ventures</b>	<b>131,513</b>	128,789
<u>Share of net profit and other comprehensive income</u>		
Net profit	<b>2,001</b>	4,220
Other comprehensive income	<b>2,298</b>	1,793
Total comprehensive income	<b>4,299</b>	6,013

The immaterial joint ventures individually account for less than 10% of the Group's total assets.

## 19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 \$'000	2022 \$'000
Equity investments at cost	<b>521,354</b>	521,354
Advances to subsidiaries	<b>347,189</b>	343,356
Less: Allowance for impairment of equity investments	<b>(12,200)</b>	(12,200)
	<b>856,343</b>	852,510

There were no changes during the financial year in the Group's ownership interest in its significant subsidiaries as set out in Note 39.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 19. INVESTMENTS IN SUBSIDIARIES (continued)

The details of the subsidiary with material non-controlling interest, Far East Hospitality Holdings Pte. Ltd., are set out in Note 39.

Set out below are the summarised consolidated financial information for Far East Hospitality Holdings Pte. Ltd. and its subsidiaries, before inter-company eliminations with other subsidiaries within the Group.

### Summarised consolidated balance sheet

	2023 \$'000	2022 \$'000
<b>Current</b>		
Assets	78,116	78,014
Liabilities	<b>(310,028)</b>	(345,055)
Total current net liabilities	<b>(231,912)</b>	(267,041)
<b>Non-current</b>		
Assets	540,733	572,297
Liabilities	<b>(274,642)</b>	(275,540)
Total non-current net assets	<b>266,091</b>	296,757
<b>Net assets</b>	<b>34,179</b>	29,716
<b>Carrying value of non-controlling interest at 30%</b> (2022: 30%)	<b>10,254</b>	8,915

### Summarised consolidated statement of comprehensive income

	For the financial year ended	
	2023 \$'000	2022 \$'000
Revenue	85,028	65,430
Profit/(Loss) before income tax	9,536	(59)
Income tax (expense)/credit	<b>(1,424)</b>	908
<b>Profit after income tax</b>	<b>8,112</b>	849
<b>Other comprehensive loss, net of tax</b>	<b>(3,649)</b>	(9,689)
<b>Total comprehensive gain/(loss)</b>	<b>4,463</b>	(8,840)
Total comprehensive gain/(loss) allocated to non-controlling interest	<b>1,339</b>	(2,652)

### Summarised consolidated statement of cash flows

	For the financial year ended	
	2023 \$'000	2022 \$'000
Net cash provided by operating activities	15,966	8,759
Net cash provided by investing activities	18,179	5,023
Net cash used in financing activities	<b>(42,782)</b>	(13,487)
Total cash (outflows)/inflows – net	<b>(8,637)</b>	295

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 20. INVESTMENT PROPERTIES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Beginning of financial year	<b>853,207</b>	929,565	<b>124,335</b>	136,974
Additions (a)	<b>23,302</b>	4,678	-	-
Disposals (Note 8(b))	-	(13,090)	-	(13,090)
Reclassified to asset held-for-sale (b)	-	(365)	-	-
Reclassified from property, plant and equipment (c), (Note 21)	<b>13,765</b>	-	<b>13,765</b>	-
Net fair value gains recognised in profit or loss (Note 8)	<b>58,295</b>	2,610	<b>4,700</b>	451
Foreign exchange differences	<b>19,181</b>	(70,191)	-	-
End of financial year	<b>967,750</b>	853,207	<b>142,800</b>	124,335
Comprising:				
- Completed properties	<b>967,750</b>	853,207	<b>142,800</b>	124,335

- (a) Additions for the financial year ended 31 December 2023 included the acquisition of a freehold student accommodation property located in Southampton, United Kingdom ("the PBSA Acquisition"), of which an advanced payment of £697,000 (approximately \$1,122,000) was disbursed during the financial year ended 31 December 2022.
- (b) During the financial year ended 31 December 2022, the Group's management approved the sale of an apartment unit in Brisbane, Australia. This carrying amount of the apartment unit of \$365,000 was re-classified and presented as an asset-held for-sale as at 31 December 2022. The sale was completed during the financial year ended 31 December 2023.
- (c) Following the relocation of headquarter office, the Group reclassified their formerly owner-occupied portion of an office property from property, plant and equipment to investment property as at 31 December 2023.
- (d) Bank borrowings are secured on investment properties of the Group with carrying amounts of \$401,550,000 (2022: \$359,566,000) (Note 25).
- (e) Completed properties are leased to non-related parties under operating leases. The following amounts are recognised in profit or loss:

	Group	
	2023 \$'000	2022 \$'000
Rental income	<b>55,433</b>	49,199
Direct operating expenses arising from investment properties that generate rental income	<b>(21,764)</b>	(17,772)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 20. INVESTMENT PROPERTIES (continued)

(f) At the balance sheet date, the details of the Group's investment properties are as follows:

Location	Description/ existing use	No. of units/ rooms/beds	Tenure
<b>Singapore</b>			
Orchard Rendezvous Hotel, Singapore, 1 Tanglin Road	Shops and offices (land only)	-	Freehold and leasehold with 99 years lease expiring on 31 March 2064
Novena Medical Center, 10 Sinaran Drive	Medical suites	37	Leasehold with 99 years lease expiring on 27 August 2101
Novena Specialist Center, 8 Sinaran Drive	Medical suites	10	Leasehold with 99 years lease expiring on 22 April 2106
<b>Australia</b>			
Rendezvous Hotel Perth Scarborough	Shops	13	Freehold
<b>United Kingdom</b>			
Turner Court, Newcastle upon Tyne	PBSA	274	Freehold
Rosedale Court, Newcastle upon Tyne	PBSA	338	Freehold
Marshall Court, Newcastle upon Tyne	PBSA	196	Freehold
Bryson Court, Newcastle upon Tyne	PBSA	366	Freehold
Newton Court, Newcastle upon Tyne	PBSA	295	Freehold
Land sites at Newcastle upon Tyne	PBSA	-	Freehold
Hollingbury House, Brighton	PBSA	195	Freehold
Harbour Court, Bristol	PBSA	133	Freehold
St Lawrence House, Bristol	PBSA	166	Freehold
The Glassworks, Liverpool	PBSA	323	Freehold
The Foundry, Leeds	PBSA	239	Freehold
The Elements, Sheffield	PBSA	735	Freehold
King Square Studios, Bristol	PBSA	301	Freehold
Emily Davies, Southampton	PBSA	126	Freehold

During the financial year ended 31 December 2023, the Group has completed fire risk assessments on its properties in the United Kingdom to assess the fire safety works required as a result of the changes to the fire safety regulations in the United Kingdom. Where fire safety works are required, the costs have been reflected in the valuations as at 31 December 2023 by the valuer. Where available, the Group will seek to recover costs of any defects from developers under existing construction warranties.

(g) Valuation processes, techniques and inputs used in Level 3 fair value measurements

The Group engages external, independent and qualified valuers to determine the fair value of the investment properties on an annual basis or whenever their carrying amounts are likely to differ materially from their fair values based on the properties' highest and best use during the interim financial reporting period. At each financial year, the management verifies all major inputs to the independent valuation reports, assesses property valuation movements compared to the prior year valuations and holds discussions with the independent valuers.

The Group's investment properties are measured and carried at fair value using inputs that are not based on observable market data (unobservable inputs), i.e. Level 3 fair values.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 20. INVESTMENT PROPERTIES (continued)

#### (g) Valuation processes, techniques and inputs used in Level 3 fair value measurements (continued)

Level 3 fair values of the Group's investment properties and land and buildings classified under property, plant and equipment (Note 21) have generally been derived using one or more of the following valuation techniques:

- sales comparison method, where the properties are valued using transacted prices for comparable properties with necessary adjustments made for the differences in location, tenure and condition of the property as well as prevailing market conditions relative to the date of the comparable transaction. The most significant unobservable input to the valuation is the pre-adjusted comparable sales price.
- discounted cash flow method, where the future net cash flows over a period are discounted to arrive at a present value. The most significant unobservable inputs to the valuation are the estimated net profit margin (for land and buildings classified under property, plant and equipment only), discount rate and terminal yield applied.
- income capitalisation method, where the net income is capitalised at a rate which reflects the yield expected from the property. The most significant unobservable input to the valuation is the capitalisation rate applied.

The following table presents the valuation techniques and key unobservable inputs that were used to determine the fair value which is categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at		Valuation technique(s)	Significant unobservable input(s) and range	Relationship of unobservable inputs to fair value
	2023 \$'000	2022 \$'000			
Freehold and leasehold land – Singapore	142,800	124,335	Income capitalisation	Capitalisation rate – 3.4% to 4.3% (2022: 3.4% to 4.3%)	The lower the capitalisation rate, the higher the fair value
Medical suites – Singapore	160,709	157,668	Sales comparison	Adjusted comparable sale price – \$4,163 to \$4,452 psf (2022: \$3,413 to \$5,388 psf)	The higher the comparable sales price, the higher the fair value
Shops and restaurant – Australia <sup>(1)</sup>	29,848	30,346	Discounted cash flow	Discount rate – 7.8% (2022: 7.3%) Terminal yield – 7.0% (2022: 6.8%)	The lower the discount rate or terminal yield, the higher the fair value
			Income capitalisation	Capitalisation rate – 6.8% (2022: 6.5%)	The lower the capitalisation rate, the higher the fair value
PBSA – United Kingdom	634,393	540,858	Discounted cash flow	Discount rate – 7.6% to 8.5% (2022: 7.6% to 11.7%) Terminal yield – 5.1% to 6.0% (2022: 4.8% to 5.9%)	The lower the discount rate or terminal yield, the higher the fair value
	<b>967,750</b>	853,207			

<sup>(1)</sup> Valuation determined using the average of discounted cash flow and income capitalisation

#### (h) Reconciliation of fair value measurement to valuation report

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Fair value of investment properties based on valuation reports	968,908	854,363	142,800	124,335
Less: Carrying amount of accrued receivables	(1,158)	(1,156)	-	-
Carrying amount of investment properties	<b>967,750</b>	853,207	<b>142,800</b>	124,335

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 21. PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2023, the Group's and Company's carrying value of property, plant and equipment included right-of-use assets amounting to \$73,113,000 (2022: \$76,366,000) and \$55,354,000 (2022: \$56,332,000) respectively (Note 22(a)).

	Freehold and leasehold land	Buildings and offices	Plant, equipment, furniture and fittings	Construction- in-progress	Motor vehicles	Leasehold improve- ments and other assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group – 2023</b>							
<i>Cost or valuation</i>							
Beginning of financial year							
Cost	-	160,309	61,387	516	865	12,557	235,634
Valuation	383,245	117,300	-	-	-	-	500,545
	383,245	277,609	61,387	516	865	12,557	736,179
Currency translation differences	(1,351)	(2,905)	(457)	(7)	-	(181)	(4,901)
Additions	-	5,831	741	3,142	-	285	9,999
Disposals	-	(3,494)	(541)	-	-	(313)	(4,348)
Transfers	-	-	117	(2,926)	-	2,809	-
Reclassified to:							
– asset held-for-sale (Note (a))	(6,228)	(4,056)	(2,476)	-	-	(75)	(12,835)
– investment properties (Note 20(c))	(13,765)	-	-	-	-	-	(13,765)
De-recognition of right-of- use asset	-	(455)	-	-	-	-	(455)
Revaluation adjustments:							
– profit or loss (Note 8)	-	(423)	-	-	-	-	(423)
– other comprehensive income (Note 30(ii))	11,969	(4,069)	-	-	-	-	7,900
End of financial year	373,870	268,038	58,771	725	865	15,082	717,351
Representing:							
Cost	-	162,191	58,771	725	865	15,082	237,634
Valuation	373,870	105,847	-	-	-	-	479,717
	373,870	268,038	58,771	725	865	15,082	717,351
<i>Accumulated depreciation and impairment losses</i>							
Beginning of financial year	-	83,949	54,207	-	564	4,776	143,496
Currency translation differences	-	(117)	(357)	-	-	(57)	(531)
Depreciation charge (Note 5)	-	14,216	1,778	-	166	989	17,149
Disposals	-	(3,494)	(530)	-	-	(294)	(4,318)
Reclassified to asset held- for-sale	-	-	(2,210)	-	-	(56)	(2,266)
Impairment charge (Note 8)	-	-	105	-	-	-	105
De-recognition of right-of- use asset	-	(54)	-	-	-	-	(54)
Revaluation adjustments:							
– profit or loss (Note 8)	-	(900)	-	-	-	-	(900)
– other comprehensive income (Note 30(ii))	-	(4,519)	-	-	-	-	(4,519)
End of financial year	-	89,081	52,993	-	730	5,358	148,162
<b>Net book value</b>							
<b>End of financial year</b>	<b>373,870</b>	<b>178,957</b>	<b>5,778</b>	<b>725</b>	<b>135</b>	<b>9,724</b>	<b>569,189</b>

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 21. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold and leasehold land	Buildings and offices	Plant, equipment, furniture and fittings	Construction- in- progress	Motor vehicles	Leasehold improve- ments and other assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Group – 2022</i>							
<i>Cost or valuation</i>							
Beginning of financial year							
Cost	-	162,375	71,254	205	1,070	13,544	248,448
Valuation	381,899	123,485	-	-	-	-	505,384
	381,899	285,860	71,254	205	1,070	13,544	753,832
Currency translation differences	(4,315)	(8,213)	(1,441)	(15)	-	(744)	(14,728)
Additions	-	455	695	391	-	-	1,541
Disposals	-	-	(9,175)	-	(205)	(254)	(9,634)
Transfers	-	-	54	(65)	-	11	-
Lease modifications	-	(649)	-	-	-	-	(649)
De-recognition of right-of- use asset	-	(1,871)	-	-	-	-	(1,871)
Revaluation adjustments:							
– profit or loss (Note 8)	-	1,468	-	-	-	-	1,468
– other comprehensive income (Note 30(ii))	5,661	559	-	-	-	-	6,220
End of financial year	383,245	277,609	61,387	516	865	12,557	736,179
Representing:							
Cost	-	160,309	61,387	516	865	12,557	235,634
Valuation	383,245	117,300	-	-	-	-	500,545
	383,245	277,609	61,387	516	865	12,557	736,179
<i>Accumulated depreciation and impairment losses</i>							
Beginning of financial year	-	76,497	62,269	-	579	4,248	143,593
Currency translation differences	-	(280)	(1,131)	-	-	(174)	(1,585)
Depreciation charge (Note 5)	-	14,254	2,239	-	190	956	17,639
Disposals	-	-	(9,172)	-	(205)	(254)	(9,631)
Impairment charge (Note 8)	-	-	2	-	-	-	2
De-recognition of right-of- use asset	-	(1,270)	-	-	-	-	(1,270)
Revaluation adjustments:							
– profit or loss (Note 8)	-	(824)	-	-	-	-	(824)
– other comprehensive income (Note 30(ii))	-	(4,428)	-	-	-	-	(4,428)
End of financial year	-	83,949	54,207	-	564	4,776	143,496
<i>Net book value</i>							
End of financial year	383,245	193,660	7,180	516	301	7,781	592,683

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 21. PROPERTY, PLANT AND EQUIPMENT (continued)

	Freehold and leasehold land	Buildings and offices	Plant, equipment, furniture and fittings	Motor vehicle	Leasehold improve- ments and other assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Company – 2023</b>						
<i>Cost or valuation</i>						
Beginning of financial year						
Cost	-	119,318	34,052	442	1,789	155,601
Valuation	320,064	-	-	-	-	320,064
	320,064	119,318	34,052	442	1,789	475,665
Additions	-	5,569	78	-	1,863	7,510
Disposals	-	(3,494)	(323)	-	(21)	(3,838)
Reclassified to investment properties (Note 20(c))	(13,765)	-	-	-	-	(13,765)
Revaluation adjustments – other comprehensive income (Note 30(i))	9,200	-	-	-	-	9,200
End of financial year	315,499	121,393	33,807	442	3,631	474,772
Representing:						
Cost	-	121,393	33,807	442	3,631	159,273
Valuation	315,499	-	-	-	-	315,499
	315,499	121,393	33,807	442	3,631	474,772
<i>Accumulated depreciation</i>						
Beginning of financial year	-	62,992	30,960	220	1,789	95,961
Depreciation charge	-	6,544	653	88	3	7,288
Disposals	-	(3,494)	(315)	-	(21)	(3,830)
End of financial year	-	66,042	31,298	308	1,771	99,419
<b>Net book value</b>						
<b>End of financial year</b>	<b>315,499</b>	<b>55,351</b>	<b>2,509</b>	<b>134</b>	<b>1,860</b>	<b>375,353</b>
<b>Company – 2022</b>						
<i>Cost or valuation</i>						
Beginning of financial year						
Cost	-	119,967	34,045	442	1,789	156,243
Valuation	317,114	-	-	-	-	317,114
	317,114	119,967	34,045	442	1,789	473,357
Additions	-	-	71	-	-	71
Disposals	-	-	(64)	-	-	(64)
Lease modifications	-	(649)	-	-	-	(649)
Revaluation adjustments – other comprehensive income (Note 30(i))	2,950	-	-	-	-	2,950
End of financial year	320,064	119,318	34,052	442	1,789	475,665
Representing:						
Cost	-	119,318	34,052	442	1,789	155,601
Valuation	320,064	-	-	-	-	320,064
	320,064	119,318	34,052	442	1,789	475,665
<i>Accumulated depreciation</i>						
Beginning of financial year	-	56,542	30,334	132	1,789	88,797
Depreciation charge	-	6,450	689	88	-	7,227
Disposals	-	-	(63)	-	-	(63)
End of financial year	-	62,992	30,960	220	1,789	95,961
<b>Net book value</b>						
<b>End of financial year</b>	<b>320,064</b>	<b>56,326</b>	<b>3,092</b>	<b>222</b>	<b>-</b>	<b>379,704</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 21. PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) During the financial year ended 31 December 2023, the Group's management approved the sale of a hotel property in Perth, Australia and reclassified the hotel to non-current asset classified as held-for-sale.
- (b) Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 22.
- (c) Banks borrowings are secured on property, plant and equipment of the Group with carrying amounts of \$142,452,000 (2022: \$157,236,000) (Note 25).
- (d) The freehold and leasehold land and buildings of the Group and the Company with carrying values of \$479,717,000 (2022: \$500,545,000) and \$315,499,000 (2022: \$320,064,000) respectively are carried at the revalued amounts in accordance with the Group's accounting policy as described in Note 2.5. If these land and buildings of the Group and Company were included in the financial statements at cost less accumulated depreciation and impairment losses, their net book values would have been \$115,001,000 (2022: \$126,234,000) and \$2,183,000 (2022: \$2,183,000) respectively.
- (e) Valuation processes, techniques and inputs for Level 3 fair value measurements

The Group engages external, independent and qualified valuers to determine the fair value of the Group's property, plant and equipment, on an annual basis and whenever their carrying amounts are likely to differ materially from their revalued amounts, based on the properties' highest and best use. The valuers used observable inputs (e.g. operating income projections) and unobservable inputs (e.g. capitalisation rate and discount rate) for the purpose of the valuations. The following table presents the valuation techniques and key inputs (as described in Note 20) that were used to determine the fair value which is categorised under Level 3 of the fair value hierarchy.

Description	Fair value as at		Valuation technique(s)	Significant unobservable input(s) and range	Relationship of unobservable inputs to fair value
	2023 \$'000	2022 \$'000			
Freehold and leasehold land – Singapore	<b>315,499</b>	320,064	Income capitalisation	Capitalisation rate – 4.3% (2022: 4.5%)	The lower the capitalisation rate, the higher the fair value
Freehold land and building – Malaysia	<b>32,623</b>	34,319	Discounted cash flow	Discount rate – 8.5% (2022: 8.0%) Terminal yield – 6.0% (2022: 6.0%)	The lower the discount rate or terminal yield, the higher the fair value
Freehold land and buildings – Australia <sup>(1)</sup>	<b>131,595</b>	146,162	Discounted cash flow	Discount rate – 8.3% to 8.8% (2022: 8.3% to 9.0%) Terminal yield – 6.3% to 6.5% (2022: 6.3% to 6.5%)	The lower the discount rate or terminal yield, the higher the fair value
			Income capitalisation	Capitalisation rate – 6.0% to 6.5% (2022: 6.0% to 6.5%)	The lower the capitalisation rate, the higher the fair value
	<b>479,717</b>	500,545			

<sup>(1)</sup> Valuation determined using the average of discounted cash flow and income capitalisation.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 22. LEASES

### Leases – The Group as a lessee

#### Nature of the Group's leasing activities – Group as a lessee

The Group leases hospitality properties which are used in the Group's hospitality operations, and offices for the purpose of back-office operations and as head office from related parties. These are recognised within Property, plant and equipment (Note 21).

As at balance sheet date, the Group and the Company's lease liabilities amounted to \$96,529,000 and \$72,717,000 respectively (2022: \$99,671,000 and \$73,597,000).

There are no externally imposed covenants on these lease arrangements.

(a) Carrying amounts

Right-of-use assets classified within property, plant and equipment

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Buildings and offices	<b>73,110</b>	76,360	<b>55,351</b>	56,326
Equipment	<b>3</b>	6	<b>3</b>	6
	<b>73,113</b>	76,366	<b>55,354</b>	56,332

(b) Depreciation expense for the financial year was \$8,681,000 (2022: \$8,722,000).

(c) Interest expense on lease liabilities recognised in profit or loss for the financial year was \$5,864,000 (2022: \$6,199,000) (Note 9).

(d) Lease expense not capitalised in lease liabilities

	Group	Company
	\$'000	\$'000
<b>2023</b>		
Short-term leases	<b>332</b>	-
Variable lease payments which do not depend on an index or rate Total (Note 5)	<b>9,715</b>	-
	<b>10,047</b>	-
<b>2022</b>		
Short-term leases	223	-
Variable lease payments which do not depend on an index or rate Total (Note 5)	1,012	-
	1,235	-

(e) Total cash outflow for all the leases was \$24,480,000 (2022: \$16,487,000), of which \$22,988,000 (2022: \$16,305,000) was paid to other related parties.

(f) Additions of right-of-use assets during the financial year were \$5,831,000 (2022: \$455,000).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 22. LEASES (continued)

### Leases – The Group as a lessee (continued)

(g) Future cash outflow which are not capitalised in lease liabilities

(i) Variable lease payments

The leases for certain hotels contain variable lease payments that are based on a percentage of gross operating revenue and gross operating profit of these properties. Such variable lease payments are recognised to profit or loss when incurred and amounted to \$9,715,000 (2022: \$1,012,000) (Note 22(d)).

(ii) Extension options

The leases for certain hotels contain extension options, for which the related lease payments had not been included in lease liabilities as the Group is not reasonably certain to exercise these extension options. The Group negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Group's operations. The majority of the extension options are exercisable by the Group and not by the lessor.

### Leases – The Group as a lessor

#### Nature of the Group's leasing activities

The Group leases out investment properties to non-related parties for monthly lease payments. These leases are classified as operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties is disclosed in Note 20.

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

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Less than one year	45,900	36,954	-	-
One to two years	10,389	8,196	-	-
Two to three years	5,448	4,623	-	-
Three to four years	4,679	1,837	-	-
Four to five years	3,316	1,824	-	-
More than five years	17,984	18,242	-	-
Total undiscounted lease payments	87,716	71,676	-	-

## 23. INTANGIBLE ASSETS

	Group	
	2023 \$'000	2022 \$'000
Goodwill arising from acquisition of hospitality businesses (a)	37,257	37,257
Hospitality lease and management agreements (b)	63,802	66,086
	101,059	103,343

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 23. INTANGIBLE ASSETS (continued)

(a) Goodwill arising from acquisition of hospitality businesses

	Group	
	2023	2022
	\$'000	\$'000
<i>Cost</i>		
Beginning of financial year	55,706	56,695
Currency translation differences	-	(989)
End of financial year	<b>55,706</b>	55,706
<i>Accumulated impairment</i>		
Beginning of financial year	18,449	13,972
Currency translation differences	-	(633)
Impairment (Note 8)	-	5,110
End of financial year	<b>18,449</b>	18,449
<b>Net book value</b>	<b>37,257</b>	37,257

### Impairment assessment of goodwill

Goodwill is allocated to the Management services – Singapore CGU within the Group's hospitality business. The recoverable amount of the Management services – Singapore CGU was determined based on fair value less cost to sell ("FVLCTS").

The FVLCTS adopted by the Group was computed using the average of the values derived from the following two Level 3 valuation techniques based on management's estimates:

- Discounted Cash Flow ("DCF") method
- Guideline Public Company ("GPC") method

#### DCF method

The assumptions used in the future net cash flows take into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

Cash flow projections used in the DCF were based on financial projections approved by management covering a five-year (2022: five-year) period. Key assumptions used for the analysis of the CGU included cash flows returning to pre COVID-19 level and stabilised state of operations in 2025. Inflationary costs have also been factored in for the cash flow projections. Cash flows beyond the five-year period were extrapolated using the estimated growth rate stated below. The growth rate did not exceed the historical long-term average growth rate for the hospitality management services business in which the CGU operates. A discount rate which reflects a market participant's required return on the CGU was used for the impairment analysis of the CGU.

	2023	2022
Terminal growth rate	<b>1.9%</b>	1.9%
Post-tax discount rate	<b>9.4%</b>	9.4%

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 23. INTANGIBLE ASSETS (continued)

- (a) Goodwill arising from acquisition of hospitality businesses (continued)

#### Impairment assessment of goodwill (continued)

##### GPC method

The GPC method entails applying multiples to the normalised earnings of the CGU and adjusted for the risk and size of the CGU. The key assumptions are the GPC multiples and normalised earnings. Normalised earnings are based on 2025 projections, in line with the expectation of the recovery period from COVID-19 and stabilised state of operations, aligned to the cash flows used under the DCF method.

The GPC multiples are determined based on published data regarding traded price and earnings of public companies that are engaged in the same or similar line of business as the CGU. The CGU's normalised earnings is determined by management based on past performance and its expectations of market developments.

Based on the FVLCTS adopted by the Group, the recoverable amount of the CGU exceeds the carrying value and the allocated goodwill is not impaired.

- (b) Hospitality lease and management agreements

	Group	
	2023	2022
	\$'000	\$'000
<i>Cost</i>		
Beginning of financial year	98,692	99,078
Currency translation differences	-	(386)
End of financial year	<b>98,692</b>	98,692
<i>Accumulated amortisation and impairment</i>		
Beginning of financial year	32,606	30,396
Currency translation differences	-	(384)
Amortisation charge included within "Cost of sales" in profit or loss (Note 5)	2,284	2,594
End of financial year	<b>34,890</b>	32,606
<b>Net book value</b>	<b>63,802</b>	66,086

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 24. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Current</b>				
Trade payables to:				
– other related parties	463	474	330	132
– non-related parties	5,410	6,487	704	2,604
– joint ventures	1,130	1,837	-	-
	<b>7,003</b>	<b>8,798</b>	<b>1,034</b>	<b>2,736</b>
Other payables to:				
– other related parties	109	114	-	-
– non-related parties	5,076	4,513	-	10
Advances from:				
– a subsidiary	-	-	32,660	31,700
– non-controlling interest	66,552	66,552	-	-
– a joint venture	1,938	-	-	-
Accrual for operating expenses	19,127	16,913	4,752	3,391
Deposits	1,728	1,944	255	158
Interest payable	280	256	160	139
Contract liabilities (Note 4(b))	409	332	40	46
	<b>95,219</b>	<b>90,624</b>	<b>37,867</b>	<b>35,444</b>
	<b>102,222</b>	<b>99,422</b>	<b>38,901</b>	<b>38,180</b>

Advances from a joint venture of the Group and a subsidiary of the Company are unsecured, repayable on demand and interest-free. Advances from a non-controlling interest of \$66,552,000 (2022: \$66,552,000) are unsecured, repayable on demand and bear interest at a weighted average effective interest rate of 2.0% (2022: 2.0%) per annum.

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Non-current</b>				
Other payables – non-related parties	468	-	-	-
Deposits	2,776	1,372	-	-
Advances from:				
– subsidiaries	-	-	197,703	338,471
– joint ventures	27,699	27,699	-	-
– non-controlling interest	71,910	71,910	-	-
	<b>102,853</b>	<b>100,981</b>	<b>197,703</b>	<b>338,471</b>

The non-current advances from subsidiaries to the Company and the advances from joint ventures and non-controlling interest of the Group are unsecured, interest-free and not repayable in the next 12 months.

Advances from a non-controlling interest of \$71,910,000 (2022: \$71,910,000) are repayable at its nominal value, or convertible to shares of the subsidiary in whole or in part and in the same proportion as a similar loan from the Company to the same subsidiary, such that the Company's share of equity interest in the subsidiary does not change, at the rate of one share per \$1 nominal value of the loan, upon the unanimous approval of the Company and the non-controlling interest. The advances have no fixed term of repayment, and the non-controlling interest has no intention to demand repayment in the next 12 months.

The fair values of non-current trade and other payables of the Group and the Company approximate their carrying amounts.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 25. BORROWINGS

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Bank borrowings				
– Current (secured)	89,422	81,929	-	-
– Current (unsecured)	155,660	139,001	148,660	119,002
	<b>245,082</b>	<b>220,930</b>	<b>148,660</b>	<b>119,002</b>
Bank borrowings				
– Non-current (secured)	118,276	150,705	-	-
– Non-current (unsecured)	238,989	230,575	238,989	230,575
	<b>357,265</b>	<b>381,280</b>	<b>238,989</b>	<b>230,575</b>
	<b>602,347</b>	<b>602,210</b>	<b>387,649</b>	<b>349,577</b>

The Group and the Company's bank borrowings are:

- at variable interest rates referenced to overnight risk-free rates and interbank offered rates ("IBOR") (2022: IBOR) with contractual repricing dates less than 6 months from balance sheet date (2022: Less than 6 months); and
- secured over certain bank deposits (Note 12), investment properties (Note 20) and property, plant and equipment (Note 21).

The fair values of non-current borrowings of the Group are within Level 2 of fair value hierarchy and approximate their carrying amounts.

## 26. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	Contract notional amount \$'000	Fair value - Asset \$'000	Contract notional amount \$'000	Fair value - Asset \$'000
<b>31 December 2023</b>				
<u>Non-current assets</u>				
Derivatives held for hedging: Cash-flow hedges - Interest rate swaps	159,824	7,544	83,998	3,793
<u>Non-current liabilities</u>				
Derivatives held for hedging: Cash-flow hedges - Interest rate swaps	104,997	4,160	104,997	4,160
<b>31 December 2022</b>				
<u>Non-current assets</u>				
Derivatives held for hedging: Cash-flow hedges - Interest rate swaps	194,783	12,749	121,601	6,572

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 26. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Hedging instruments used in the Group's hedging strategy in 2023:

	Carrying amount		Financial statement line item	Changes in fair value used for calculating hedge ineffectiveness		Hedge ineffectiveness recognised in P&L*	Notional amount directly impacted by IBOR reform	Weighted average hedged rate	Maturity date
	Contract notional amount	Assets/ (Liabilities)		Hedging instrument	Hedged item				
	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000		
<b>Group</b>									
<b>Cash flow hedge</b>									
Interest rate risk - Interest rate swap to hedge floating rate borrowings (a)	159,824	7,544	Derivative financial instruments	(5,729)	5,729	-	159,824	1.5%	December 2024 – March 2025
Interest rate risk - Interest rate swap to hedge floating rate borrowings (a)	(104,997)	(4,160)	Derivative financial instruments	(4,150)	4,150	-	(104,997)	5.5%	December 2027 – October 2028
<b>Net investment hedge</b>									
Foreign exchange risk - Borrowings to hedge net investments in foreign operations	-	(7,640)	Borrowings	707	(707)	-	-	JPY76.0: \$1	-
<b>Company</b>									
<b>Cash flow hedge</b>									
Interest rate risk - Interest rate swap to hedge floating rate borrowings (a)	83,998	3,793	Derivative financial instruments	(3,060)	3,060	-	83,998	1.2%	December 2024
Interest rate risk - Interest rate swap to hedge floating rate borrowings (a)	(104,997)	(4,160)	Derivative financial instruments	(4,150)	4,150	-	(104,997)	5.5%	December 2027 – October 2028

(a) The contractual notional amount of interest rate swaps held for hedging was based on SONIA.

\* All hedge ineffectiveness, if any, is recognised in profit or loss within "Other gains/(losses) and impairment losses– net" (Note 8). The hedges were fully effective during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 26. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Hedging instruments used in the Group's hedging strategy in 2022:

	Carrying amount		Financial statement line item	Changes in fair value used for calculating hedge ineffectiveness		Hedge ineffectiveness recognised in P&L*	Notional amount directly impacted by IBOR reform	Weighted average hedged rate	Maturity date
	Contract notional amount	Assets/ (Liabilities)		Hedging instrument	Hedged item				
	\$'000	\$'000		\$'000	\$'000	\$'000	\$'000		
<u>Group</u>									
Cash flow hedge									
Interest rate risk - Interest rate swap to hedge floating rate borrowings (a)	194,783	12,749	Derivative financial instruments	8,878	(8,878)	-	194,783	2.3%	December 2024 – March 2025
Net investment hedge									
Foreign exchange risk - Borrowings to hedge net investments in foreign operations	-	(8,346)	Borrowings	1,228	(1,228)	-	-	JPY76.0: \$1	-
<u>Company</u>									
Cash flow hedge									
Interest rate risk - Interest rate swap to hedge floating rate borrowings (a)	121,601	6,572	Derivative financial instruments	4,355	(4,355)	-	121,601	2.5%	December 2024

(a) The contractual notional amount of interest rate swaps held for hedging was based on SONIA.

\* All hedge ineffectiveness, if any, is recognised in profit or loss within "Other gains/(losses) and impairment losses– net" (Note 8). The hedges were fully effective during the financial year.

## 27. DEFERRED INCOME

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
– Other related parties	<b>6,797</b>	6,797	<b>6,797</b>	6,797
– Non-related parties	<b>11,626</b>	8,168	-	7
	<b>18,423</b>	14,965	<b>6,797</b>	6,804
<b>Non-current</b>				
– Other related parties	<b>255,920</b>	262,717	<b>255,920</b>	262,717
	<b>274,343</b>	277,682	<b>262,717</b>	269,521

Deferred income from other related parties refers to the unamortised portion of the proceeds from Far East Hospitality Trust for the Company's grant of a 50-year leasehold interest (from August 2012) in the freehold and leasehold land of Orchard Rendezvous Hotel to Far East Hospitality Trust.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 28. DEFERRED INCOME TAXES

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

The amounts, determined after appropriate offsetting, are shown on the balance sheet as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Deferred income tax assets	4,605	3,657	3,536	2,630
Deferred income tax liabilities	(61,192)	(50,302)	(889)	-
<b>Net deferred tax (liabilities)/assets</b>	<b>(56,587)</b>	<b>(46,645)</b>	<b>2,647</b>	<b>2,630</b>

Deferred income tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses and capital allowances of approximately \$92,229,000 (2022: \$110,365,000) at the balance sheet date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. These tax losses have no expiry date.

The movements in deferred income tax liabilities and assets (prior to offsetting of balances within the same tax jurisdiction) are as follows:

#### Deferred income tax liabilities – Group

	Accelerated tax depreciation \$'000	Revaluation gains – net \$'000	Right-of-use assets/ Others \$'000	Total \$'000
<b>Group – 2023</b>				
Beginning of financial year	11,648	40,095	1,158	52,901
(Credited)/Charged to:				
– profit or loss (Note 10(a))	(408)	10,471	258	10,321
– other comprehensive income (Note 30(i))	-	494	-	494
Currency translation differences	(2)	288	(44)	242
End of financial year	<b>11,238</b>	<b>51,348</b>	<b>1,372</b>	<b>63,958</b>
<b>Group – 2022</b>				
Beginning of financial year	11,993	36,829	1,240	50,062
(Credited)/Charged to:				
– profit or loss (Note 10(a))	(345)	1,476	-	1,131
– other comprehensive income (Note 30(i))	-	5,151	-	5,151
Currency translation differences	-	(3,361)	(82)	(3,443)
End of financial year	11,648	40,095	1,158	52,901

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 28. DEFERRED INCOME TAXES (continued)

The movements in deferred income tax liabilities and assets (prior to offsetting of balances within the same tax jurisdiction) are as follows: (continued)

### Deferred income tax assets – Group

	Tax losses \$'000	Lease liabilities \$'000	Total \$'000
<b>Group – 2023</b>			
Beginning of financial year	(2,294)	(3,962)	(6,256)
Credited to profit or loss (Note 10(a))	(232)	(943)	(1,175)
Currency translation differences	60	-	60
End of financial year	<b>(2,466)</b>	<b>(4,905)</b>	<b>(7,371)</b>
<b>Group – 2022</b>			
Beginning of financial year	(1,496)	(4,026)	(5,522)
(Credited)/Charged to profit or loss (Note 10(a))	(972)	64	(908)
Currency translation differences	174	-	174
End of financial year	<b>(2,294)</b>	<b>(3,962)</b>	<b>(6,256)</b>

### Deferred income tax liabilities – Company

	Accelerated tax depreciation \$'000	Right-of-use assets \$'000	Total \$'000
<b>Company – 2023</b>			
Beginning of financial year	305	-	305
Charged to profit or loss	-	889	889
End of financial year	<b>305</b>	<b>889</b>	<b>1,194</b>
<b>Company – 2022</b>			
Beginning and end of financial year	305	-	305

### Deferred income tax assets – Company

	2023 \$'000	2022 \$'000
<i>Lease liabilities</i>		
Beginning of financial year	<b>(2,935)</b>	(2,882)
Credited to profit or loss	<b>(906)</b>	(53)
End of financial year	<b>(3,841)</b>	(2,935)

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 29. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2023 '000	2022 '000	2023 \$'000	2022 \$'000
Beginning of financial year	<b>474,726</b>	464,534	<b>535,958</b>	525,053
Shares issued in-lieu of cash dividend	<b>13,031</b>	10,192	<b>13,422</b>	10,905
End of financial year	<b>487,757</b>	474,726	<b>549,380</b>	535,958

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

## 30. REVALUATION AND OTHER RESERVES

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
	Capital reserve	<b>13,977</b>	13,977	-
Asset revaluation reserve (Note (i))	<b>404,854</b>	389,804	<b>301,687</b>	292,487
Currency translation reserve (Note (ii))	<b>(73,713)</b>	(67,846)	<b>(322)</b>	(175)
Fair value reserve (Note (iii))	<b>339</b>	(1,595)	<b>174</b>	(50)
Hedging reserve (Note (iv))	<b>6,078</b>	16,759	<b>(81)</b>	7,129
	<b>351,535</b>	351,099	<b>301,458</b>	299,391

The movements for the other categories of reserves are as follows:

(i) Asset revaluation reserve

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
	Beginning of financial year	<b>389,804</b>	378,667	<b>292,487</b>
Revaluation gains – net (Note 21)	<b>12,419</b>	10,648	<b>9,200</b>	2,950
Share of joint ventures' asset revaluation reserve movement (Note 18)	<b>6,036</b>	8,128	-	-
Tax expense relating to:				
– revaluation gains – net	<b>550</b>	(3,095)	-	-
– share of joint venture's asset revaluation reserve movement	<b>(1,044)</b>	(2,056)	-	-
Transfer to retained earnings	<b>(288)</b>	-	-	-
Less: Non-controlling interest	<b>(2,623)</b>	(2,488)	-	-
End of financial year	<b>404,854</b>	389,804	<b>301,687</b>	292,487

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 30. REVALUATION AND OTHER RESERVES (continued)

The movements for the other categories of reserves are as follows: (continued)

(ii) Currency translation reserve

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Beginning of financial year	<b>(67,846)</b>	(38,565)	<b>(175)</b>	-
Net currency translation differences of financial statements of foreign subsidiaries and joint ventures	<b>5,830</b>	(11,127)	<b>(147)</b>	(175)
Net currency translation differences of advances designated as net investments in subsidiaries	<b>(8,547)</b>	(24,336)	-	-
Net currency translation differences on borrowings designated as net investment hedge of foreign operations	<b>707</b>	1,228	-	-
Reclassification to profit or loss (Note 8)	<b>(4,862)</b>	(1,627)	-	-
Share of joint ventures' currency translation reserve movement (Note 18)	<b>(50)</b>	223	-	-
Less: Non-controlling interest	<b>1,055</b>	6,358	-	-
End of financial year	<b>(73,713)</b>	(67,846)	<b>(322)</b>	(175)

(iii) Fair value reserve

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Beginning of financial year	<b>(1,595)</b>	(2,502)	<b>(50)</b>	-
Financial assets, at FVOCI – Fair value gains/(losses) (Note 16)	<b>224</b>	(50)	<b>224</b>	(50)
Share of associated company's fair value reserve movement (Note 17)	<b>1,695</b>	952	-	-
Transfer of share of associated company's fair value reserve upon disposal	<b>15</b>	5	-	-
End of financial year	<b>339</b>	(1,595)	<b>174</b>	(50)

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 30. REVALUATION AND OTHER RESERVES (continued)

The movements for the other categories of reserves are as follows: (continued)

(iv) Hedging reserve

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Beginning of financial year	16,759	4,004	7,129	2,774
Fair value (losses)/gains	(2,609)	10,575	(3,143)	5,382
Reclassification to profit or loss, as hedged item has affected profit or loss				
– Finance expenses (Note 9)	(7,270)	(1,697)	(4,067)	(1,027)
	(9,879)	8,878	(7,210)	4,355
Share of joint ventures' hedging reserve movement (Note 18)	(1,146)	5,537	-	-
Less: Non-controlling interest	344	(1,660)	-	-
End of financial year	6,078	16,759	(81)	7,129

Revaluation and other reserves are non-distributable.

### 31. RETAINED PROFITS

Retained profits of the Group are distributable except for the accumulated retained profits from the share of results of joint ventures and associated companies amounting to \$25,591,000 (2022: \$29,746,000).

Movement in retained profits of the Company is as follows:

	Company	
	2023 \$'000	2022 \$'000
Beginning of financial year	157,094	168,644
Shares issued in-lieu of cash dividend (Note 29)	(13,422)	(10,905)
Dividend paid to equity holders of the Company in cash (Note 32)	(5,567)	(3,031)
Net profit	166,435	2,386
End of financial year	304,540	157,094

### 32. DIVIDEND

	Company	
	2023 \$'000	2022 \$'000
<b>Ordinary dividends paid</b>		
Final dividend paid in respect of the previous financial year of 4 cents (2022: 3 cents) using		
– new shares issued	13,422	10,905
– cash	5,567	3,031
	18,989	13,936

At the upcoming Annual General Meeting, a first and final dividend of 4 cents per share amounting to a total of \$19,510,000 will be recommended. These financial statements do not reflect this dividend, which will be accounted for in equity attributable to equity holders of the Company as an appropriation of retained profits in the financial year ending 31 December 2024.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 33. COMMITMENTS

### Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Investment properties	160	21,765	-	-
Property, plant and equipment	2,207	1,567	-	-
	<b>2,367</b>	<b>23,332</b>	<b>-</b>	<b>-</b>

Included in capital commitment for investment properties as at 31 December 2022 was the commitment amounting to £13,246,000 (approximately \$21,477,000) for the PBSA acquisition, completed in May 2023 (Note 20(a)).

## 34. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The Group's overall risk management objective is to effectively manage these risks and minimise potential adverse effects on the Group's financial performance. Financial risk management is carried out by a team within the management of the Group.

### (a) Market risk

#### (i) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings (Note 25). The Company's exposure to cash flow interest rate risks arises mainly from variable-rate borrowings and advances from/to subsidiaries at variable rates. The Group's policy is to obtain the most favourable interest rates available without increasing its foreign currency exposure and manages cash flow interest rate risks using floating-to-fixed interest rate swaps when opportunities arise.

The Group does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding amount of the borrowings. See note 2.6 for further details on the notional amounts and fair value of the interest rate swap of the Group.

#### Hedge effectiveness

Hedge effectiveness is determined at the inception of the hedging relationship, and through periodic prospective effective assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Group enters into hedge relationships where the critical terms, such as reference rate, reset dates, payment dates, maturities and notional amount of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness. The hedges were 100% effective during the financial year.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 34. FINANCIAL RISK MANAGEMENT (continued)

### (a) Market risk (continued)

#### (i) Interest rate risk (continued)

The borrowings of the Group at variable rates on which effective hedges have not been entered into are denominated mainly in SGD, British Pound (“GBP”), Australian Dollar (“AUD”) and Japanese Yen (“JPY”).

The profit after tax of the Group and Company would have been lower/(higher) as a result of higher/(lower) interest expense on these borrowings if the interest rates had increased/(decreased) by 1% (2022: 1%) with all other variables including tax rate being held constant. Similarly, other comprehensive income would have been increased/(decreased) as a result of higher/(lower) fair value of interest rate swaps designated as cash flow hedges of variable-rate borrowings. The analysis is as follows:

	← Increase/(Decrease) by 1% →			
	31 December 2023		31 December 2022	
	Profit after tax \$'000	Other comprehensive income \$'000	Profit after tax \$'000	Other comprehensive income \$'000
<u>Group</u>				
Denomination of borrowings				
- SGD	-/+ 70	-	-/+ 200	-
- GBP	-/+ 2,225	+/- 6,021	-/+ 2,526	+/- 4,938
- AUD	-/+ 232	-	-/+ 408	-
- JPY	-/+ 149	-	-/+ 155	-
<u>Company</u>				
Denomination of borrowings				
- GBP	-/+ 1,645	+/- 5,110	-/+ 1,895	+/- 3,383

#### (ii) Currency risk

The Group operates in Singapore, Australia, Japan, the United Kingdom (“UK”) and Malaysia. The entities within the Group transact in currencies other than their respective functional currencies (“foreign currencies”). Significant currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the SGD, Australian Dollar (“AUD”) and British Pound (“GBP”). Where such currency risk becomes significant, the Group considers the use of currency swaps and forwards to manage the risk.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 34. FINANCIAL RISK MANAGEMENT (continued)

### (a) Market risk (continued)

#### (ii) Currency risk (continued)

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

	<u>SGD</u> \$'000	<u>AUD</u> \$'000	<u>GBP</u> \$'000
<b>At 31 December 2023</b>			
<i>Financial assets</i>			
Cash and cash equivalents	113,919	71,084	37,968
Trade and other receivables	13,711	5,450	22,696
Intra-group receivables	88,620	39,858	425,165
Derivatives financial instruments	-	-	7,544
	<u>216,250</u>	<u>116,392</u>	<u>493,373</u>
<i>Financial liabilities</i>			
Borrowings	(7,000)	(33,115)	(539,523)
Lease liabilities	(96,529)	-	-
Trade and other payables	(181,209)	(9,324)	(12,313)
Intra-group payables	(88,620)	(39,858)	(425,165)
Derivatives financial instruments	-	-	(4,160)
	<u>(373,358)</u>	<u>(82,297)</u>	<u>(981,161)</u>
<b>Net financial (liabilities)/assets</b>	(157,108)	34,095	(487,788)
Add: Net financial assets denominated in the respective entities' functional currencies	69,086	31,766	525,493
<b>Net currency exposure</b>	<u><b>(88,022)</b></u>	<u><b>65,861</b></u>	<u><b>37,705</b></u>
	<u>SGD</u> \$'000	<u>AUD</u> \$'000	<u>GBP</u> \$'000
<b>At 31 December 2022</b>			
<i>Financial assets</i>			
Cash and cash equivalents	140,635	70,776	19,595
Trade and other receivables	19,949	4,975	20,229
Intra-group receivables	84,131	58,217	369,600
Derivatives financial instruments	-	-	12,749
	<u>244,715</u>	<u>133,968</u>	<u>422,173</u>
<i>Financial liabilities</i>			
Borrowings	(20,000)	(58,297)	(499,973)
Lease liabilities	(99,671)	-	-
Trade and other payables	(180,249)	(7,035)	(12,193)
Intra-group payables	(84,131)	(58,217)	(369,600)
	<u>(384,051)</u>	<u>(123,549)</u>	<u>(881,766)</u>
<b>Net financial (liabilities)/assets</b>	(139,336)	10,419	(459,593)
Add: Net financial assets denominated in the respective entities' functional currencies	55,559	54,269	493,232
<b>Net currency exposure</b>	<u><b>(83,777)</b></u>	<u><b>64,688</b></u>	<u><b>33,639</b></u>

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 34. FINANCIAL RISK MANAGEMENT (continued)

### (a) Market risk (continued)

#### (ii) Currency risk (continued)

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

	SGD \$'000	AUD \$'000	GBP \$'000
<b>At 31 December 2023</b>			
<i>Financial assets</i>			
Cash and cash equivalents	98,608	30,384	-
Trade and other receivables	181,077	200	425,221
Derivatives financial instruments	-	-	3,793
	279,685	30,584	429,014
<i>Financial liabilities</i>			
Borrowings	-	-	(386,571)
Lease liabilities	(72,717)	-	-
Trade and other payables	(236,395)	-	(162)
Derivatives financial instruments	-	-	(4,160)
	(309,112)	-	(390,893)
<b>Net financial (liabilities)/assets</b>	(29,427)	30,584	38,121
Add: Net financial assets denominated in the Company's functional currency	29,427	-	-
<b>Net currency exposure</b>	-	30,584	38,121
<b>At 31 December 2022</b>			
<i>Financial assets</i>			
Cash and cash equivalents	111,189	29,670	-
Trade and other receivables	179,871	158	369,600
Derivatives financial instruments	-	-	6,572
	291,060	29,828	376,172
<i>Financial liabilities</i>			
Borrowings	-	-	(349,268)
Lease liabilities	(73,597)	-	-
Trade and other payables	(376,466)	-	(139)
	(450,063)	-	(349,407)
<b>Net financial (liabilities)/assets</b>	(159,003)	29,828	26,765
Add: Net financial assets denominated in the Company's functional currency	159,003	-	-
<b>Net currency exposure</b>	-	29,828	26,765

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 34. FINANCIAL RISK MANAGEMENT (continued)

### (a) Market risk (continued)

#### (ii) Currency risk (continued)

If the foreign currencies strengthened/(weakened) against their respective functional currencies by 5% (2022: 5%) with all other variables including tax rate being held constant, the Group and Company's profit after tax and other comprehensive income for the financial year would increase/(decrease) as follows:

	← Increase/(Decrease) →			
	31 December 2023		31 December 2022	
	Profit after tax \$'000	Other compre- hensive income \$'000	Profit after tax \$'000	Other compre- hensive income \$'000
<u>Group</u>				
AUD against SGD				
– Strengthened	7,021	11,319	6,871	11,259
– Weakened	<b>(7,021)</b>	<b>(11,319)</b>	(6,871)	(11,259)
<u>GBP against SGD</u>				
– Strengthened	2,423	5,969	1,792	4,782
– Weakened	<b>(2,423)</b>	<b>(5,969)</b>	(1,792)	(4,782)
<u>Company</u>				
AUD against SGD				
– Strengthened	1,529	-	1,491	-
– Weakened	<b>(1,529)</b>	-	(1,491)	-
<u>GBP against SGD</u>				
– Strengthened	1,906	-	1,338	-
– Weakened	<b>(1,906)</b>	-	(1,338)	-

In addition, the Group is exposed to currency translation risk on the net assets in foreign operations. Currency exposure to the net assets of the Group's foreign operations in Australia and the UK are managed through borrowings and/or advances denominated in the relevant foreign currencies. Currency exposure to the net assets of the Group's foreign operations in Japan are managed through borrowings denominated in JPY, partially designated as a net investment hedge in foreign operations. The Group establishes the hedge ratio of 1:1 by matching the net assets exposure to borrowings designated as hedging instrument.

There was no ineffectiveness during 2023 in relation to the net investment hedge.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 34. FINANCIAL RISK MANAGEMENT (continued)

### (b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets carried at amortised cost of the Group and of the Company are bank deposits, trade receivables, advances to or amounts due from subsidiaries, joint ventures and other related parties, deposits and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit history and/or requiring deposits to be placed with the Group prior to provision of certain of its services. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

The Group and the Company has no significant concentrations of credit risk and has in place credit policies and procedures to ensure on-going credit evaluation and active account monitoring.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet. In addition, the Company does not have off-balance sheet exposure to credit risk and has not provided any corporate guarantees to banks on banking facilities of subsidiaries and/or joint ventures.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group's and Company's financial assets at amortised cost have low risk of default. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group and the Company consider available reasonable and supportive forward-looking information, where applicable, which include the following indicators:

- Significant financial difficulties of the debtor;
- Probability that the debtor will enter bankruptcy or financial reorganisation;
- Default or delinquency in payments; and
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

The Group and the Company determined that its financial assets are credit-impaired when:

- There is significant financial difficulty of the debtor;
- A breach of contract, such as a default or past due event; or
- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

The Group and the Company have determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, based on the Group's and Company's historical information.

Financial assets are fully impaired when there is no reasonable expectation of recovery, such as a debtor failing to meet a repayment plan with the Group and the Company. Where loans and receivables have been fully impaired, the Group and the Company continue to engage enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 34. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk (continued)

##### *Bank deposits*

Bank deposits are considered to have low credit risk as they are mainly deposits with reputable banks.

##### *Trade receivables*

The Group and the Company apply the simplified approach to providing for expected credit losses prescribed by SFRS(I) 9, which permits the use of the lifetime credit loss provision for all trade and lease receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers and adjusts for forward-looking macroeconomic data. The Group's and the Company's credit risk exposure in relation to trade receivables are set out in the provision matrix as follows:

	Group				Total \$'000
	Current to 30 days past due \$'000	> 30 days past due \$'000	> 60 days past due \$'000	> 90 days past due \$'000	
<b>31 December 2023</b>					
Expected loss rate	0.0%	0.0%	0.0%	81.1%	10.7%
Gross carrying amount	13,247	840	217	2,183	16,487
Allowance for impairment	-	-	-	1,771	1,771
<b>31 December 2022</b>					
Expected loss rate	0.0%	0.0%	0.0%	64.8%	7.6%
Gross carrying amount	14,618	797	333	2,097	17,845
Allowance for impairment	-	-	-	1,358	1,358
	Company				Total \$'000
	Current to 30 days past due \$'000	> 30 days past due \$'000	> 60 days past due \$'000	> 90 days past due \$'000	
<b>31 December 2023</b>					
Expected loss rate	0.0%	0.0%	0.0%	0.0%	0.0%
Gross carrying amount	906	246	61	16	1,229
Allowance for impairment	-	-	-	-	-
<b>31 December 2022</b>					
Expected loss rate	0.0%	0.0%	0.0%	0.0%	0.0%
Gross carrying amount	1,640	257	32	-	1,929
Allowance for impairment	-	-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 34. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk (continued)

##### *Trade receivables (continued)*

The movement of the allowance for impairment is as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Beginning of financial year	1,358	1,041	-	-
Allowance made	1,012	861	-	-
Allowance written back	(632)	(9)	-	-
Allowance written off	(12)	(387)	-	-
Currency translation differences	45	(148)	-	-
End of financial year	1,771	1,358	-	-

During the year, the Group and the Company have written off \$12,000 (2022: \$387,000) and \$Nil (2022: \$Nil) of trade receivables as there was no reasonable expectation of recovery.

##### *Other financial assets at amortised cost*

The Group's advances to or amounts due from subsidiaries, joint ventures and other related parties, deposits and other receivables carried at amortised cost have low risk of default and a strong capacity to meet contractual cash flows. Hence the loss allowance is determined at an amount equal to 12-month expected credit loss. The Group and the Company categorise such loan or receivable as a financial asset with low risk of impairment.

Where the interest and/or principal repayments are 30 days past due and there is no reasonable expectation of recovery, or the counterparty is going into administration or bankruptcy or financial reorganisation, the Group and Company categorise such loan or receivable for impairment.

#### (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, as well as the availability of funding through an adequate amount of committed credit facilities. The Group also maintains working capital lines to provide flexibility of funding at any one time. At the balance sheet date, assets held by the Group and the Company for managing liquidity risk included cash and short-term deposits as disclosed in Note 12.

The Group and the Company manage the liquidity risk by maintaining sufficient cash to meet the normal operating commitments and having an adequate amount of committed credit facilities.

As at 31 December 2023 and 31 December 2022, the Company has provided interest or loan-to-value shortfall undertakings in connection with borrowings amounting to \$153,122,000 (2022: \$151,023,000) granted to certain subsidiaries. The Company does not consider it probable that a claim will be made against the Company under the financial undertakings. Accordingly, the Company does not expect any net cash outflows resulting from the financial guarantee contracts.

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 34. FINANCIAL RISK MANAGEMENT (continued)

#### (c) Liquidity risk (continued)

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

	Less than 1 year \$'000	Between 1 and 2 years \$'000	Between 2 and 5 years \$'000	Over 5 years \$'000
<b>Group</b>				
<b>At 31 December 2023</b>				
Trade and other payables	101,813	30,943	-	71,910
Borrowings	321,450	173,839	164,101	-
Lease liabilities	14,472	14,503	43,440	50,931
	<b>437,735</b>	<b>219,285</b>	<b>207,541</b>	<b>122,841</b>
<u>At 31 December 2022</u>				
Trade and other payables	99,090	29,071	-	71,910
Borrowings	241,043	125,699	283,786	-
Lease liabilities	14,108	13,665	40,663	62,867
	354,241	168,435	324,449	134,777
<b>Company</b>				
<b>At 31 December 2023</b>				
Trade and other payables	38,854	197,703	-	-
Borrowings	218,235	94,708	119,539	-
Lease liabilities	10,878	10,909	32,907	38,110
	<b>267,967</b>	<b>303,320</b>	<b>152,446</b>	<b>38,110</b>
<u>At 31 December 2022</u>				
Trade and other payables	38,134	338,471	-	-
Borrowings	131,208	88,555	162,873	-
Lease liabilities	10,452	10,003	30,001	46,546
	179,794	437,029	192,874	46,546

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 34. FINANCIAL RISK MANAGEMENT (continued)

#### (d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise the value for the equity holders of the Company. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to equity holders of the Company, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings. Externally imposed capital requirements are mainly debt covenants included in certain loans of the Group or certain subsidiaries of the Company to maintain stipulated interest coverage, loan-to-value and consolidated net debt to consolidated net worth ratios.

Management monitors capital based on a gearing ratio. Consistent with how management monitors capital, the gearing ratio is calculated as total borrowings, excluding lease liabilities divided by total equity.

	Group		Company	
	2023	2022	2023	2022
Total borrowings (\$'000)	<b>602,347</b>	602,210	<b>387,649</b>	349,577
Total equity (\$'000)	<b>1,365,870</b>	1,303,443	<b>1,155,378</b>	992,443
<b>Gearing ratio (%)</b>	<b>44%</b>	46%	<b>34%</b>	35%

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2023 and 2022.

#### (e) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet, except for the following:

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Financial assets at amortised cost	<b>273,383</b>	279,638	<b>735,512</b>	693,482
Financial liabilities at amortised cost	<b>902,174</b>	899,268	<b>696,550</b>	797,994

Reconciliation of financial assets at amortised cost is as follows:

	Group		Company	
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Total trade and other receivables (current and non-current)	<b>51,123</b>	50,613	<b>606,848</b>	550,039
Add/(Less):				
– Cash and cash equivalents	<b>225,632</b>	233,195	<b>128,992</b>	143,853
– Prepayments	<b>(3,351)</b>	(3,972)	<b>(328)</b>	(410)
– Goods and services tax receivable	<b>(21)</b>	(198)	-	-
Total financial assets at amortised cost	<b>273,383</b>	279,638	<b>735,512</b>	693,482

## NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

### 34. FINANCIAL RISK MANAGEMENT (continued)

(e) Financial instruments by category (continued)

Reconciliation of financial liabilities at amortised cost is as follows:

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Total trade and other payables (current and non-current)	<b>205,075</b>	200,403	<b>236,604</b>	376,651
Add/(Less):				
– Borrowings	<b>602,347</b>	602,210	<b>387,649</b>	349,577
– Lease liabilities (current and non-current)	<b>96,529</b>	99,671	<b>72,717</b>	73,597
– Contract liabilities	<b>(409)</b>	(332)	<b>(40)</b>	(46)
– Goods and services tax payable	<b>(1,368)</b>	(2,684)	<b>(380)</b>	(1,785)
Total financial liabilities at amortised cost	<b>902,174</b>	899,268	<b>696,550</b>	797,994

(f) Fair value measurements

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

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

Fair value measurement disclosure of other assets that are recognised or measured at fair value, can be found at Note 20 and Note 21.

	Group		Company	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<i>Assets</i>				
Derivative financial instruments – Level 2	<b>7,544</b>	12,749	<b>3,793</b>	6,572
Financial asset, at FVOCI – Level 3	<b>2,063</b>	1,140	<b>2,063</b>	1,140
<i>Liabilities</i>				
Derivative financial instruments – Level 2	<b>4,160</b>	-	<b>4,160</b>	-

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 34. FINANCIAL RISK MANAGEMENT (continued)

### (f) Fair value measurements (continued)

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy level as at the end of the reporting year. There were no transfers between Levels 1 and 2 during the year.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves. These investments are classified as Level 2 and comprise debt investments and derivative financial instruments. In unlikely circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

For the investment classified as FVOCI, it is an unlisted equity security measured at fair value at each reporting period. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant.

The Group estimates the fair value of its unlisted equity security classified as FVOCI based on its share of the investee company's net asset value ("NAV"), which is a significant unobservable input. NAV is determined by reference to the attributable net assets of the investee company based on the latest available financial statements, adjusted, where applicable, for valuations of the underlying investment properties held by the investee determined primarily by independent and professional valuers.

Management reviews the appropriateness of the methodologies used to determine NAV, and also evaluates the appropriateness and reliability of inputs (including those developed internally by management) used in the determination of NAV.

As at 31 December 2023, the Group has committed equity of \$1,856,000 to provide funding if called, to the unlisted equity security.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 35. RELATED PARTY TRANSACTIONS

(a) Immediate and ultimate holding company

The Company's immediate and ultimate holding company is Far East Organization Pte. Ltd., incorporated in Singapore.

(b) Sales and purchases of goods and services from other related parties

Other related parties comprise mainly companies which are controlled by the equity holders of the Company's ultimate holding company.

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

	Group	
	2023	2022
	\$'000	\$'000
Amounts billed to/(by) other related parties:		
Administrative service fees	379	262
Purchase of goods and services	(1,641)	(998)
Amounts billed by other related parties to joint ventures:		
Support services	(318)	(239)
Purchase of goods and services	(90)	(62)
Payments made on behalf for other related parties	<b>7,172</b>	5,509

Outstanding balances at 31 December 2023, arising from deposits, sale and purchase of goods and services are set out in Notes 13 and 24 respectively.

(c) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2023	2022
	\$'000	\$'000
Wages, salaries and benefits	3,774	3,031
Employer's contribution to defined contribution plans, including Central Provident Fund	73	74
	<b>3,847</b>	3,105

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 36. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Group's Group Chief Executive Officer for performance measurement and resource allocation.

The Group operates its hospitality business across three segments.

(i) Management services

The management services segment includes all of the hospitality properties that the Group manages directly in Singapore, Japan, and Malaysia.

(ii) Operations

The operations segment includes leased properties in Singapore, Australia and the Group's investment in Toga Trust and the REIT Manager of Far East Hospitality Trust.

(iii) Property ownership

The property ownership segment includes hospitality properties located in Australia, Germany, Denmark, Malaysia and Japan that are owned directly by the Group or through the Group's investments in joint ventures.

The Group manages its property business across three segments.

(i) Student accommodation

Student accommodation segment includes properties located in United Kingdom that are owned directly or held through a joint venture by the Group and includes those under development, that are held for rentals or/and long-term capital appreciation.

(ii) Development

The development segment includes all unsold completed properties that are held through either joint ventures or joint operations, medical suites that are held for sale and residential units that are held for sale in United Kingdom. Rental income from the leasing of properties held for sale, if any, is included under the investment segment on the reports reviewed by the Group Chief Executive Officer.

(iii) Investment

The investment segment includes medical suites, and some offices that are held for rentals or/and long-term capital appreciation.

There was no revenue from transactions with a single external customer that accounts for 10% or more of the Group's revenue for the financial years ended 31 December 2023 and 2022.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 36. SEGMENT INFORMATION (continued)

The segment information provided to the Group Chief Executive Officer for the reportable segments are as follows:

	Hospitality		Property		Student accommodation		Property Development		Investment		Total
	Management services	Operations	Property ownership	Property ownership	Student accommodation	Student accommodation	Development	Development	Investment	Investment	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023</b>											
Total segment revenue	29,583	45,678	55,079	55,079	46,390	46,390	-	-	10,312	10,312	187,042
Inter-segment revenue	(3,422)	-	-	-	-	-	-	-	-	-	(3,422)
<b>Revenue from external parties</b>	<b>26,161</b>	<b>45,678</b>	<b>55,079</b>	<b>55,079</b>	<b>46,390</b>	<b>46,390</b>	<b>-</b>	<b>-</b>	<b>10,312</b>	<b>10,312</b>	<b>183,620</b>
Operating profit/(loss)	6,349	9,226	2,359	2,359	21,668	21,668	(738)	(738)	7,804	7,804	46,668
Share of profit/(loss) of:											
- associated companies	-	2,937	-	-	-	-	-	-	-	-	2,937
- joint ventures	-	1,495	1,797	1,797	(182)	(182)	5,173	5,173	-	-	8,283
<b>Total operating profit</b>	<b>6,349</b>	<b>13,658</b>	<b>4,156</b>	<b>4,156</b>	<b>21,486</b>	<b>21,486</b>	<b>4,435</b>	<b>4,435</b>	<b>7,804</b>	<b>7,804</b>	<b>57,888</b>
Corporate expenses											(5,229)
Interest income											6,796
Finance expenses											(33,897)
Others*											54,815
Profit before income tax											80,373
Income tax expense											(14,312)
<b>Profit after income tax</b>											<b>66,061</b>
Segment assets	115,396	401,200	233,012	233,012	700,130	700,130	174,979	174,979	308,182	308,182	1,932,899
Investments in associated companies	-	31,865	-	-	-	-	-	-	-	-	31,865
Investments in joint ventures	-	175,722	93,542	93,542	2,582	2,582	200,848	200,848	-	-	472,694
<b>Corporate assets (a)</b>	<b>115,396</b>	<b>608,787</b>	<b>326,554</b>	<b>326,554</b>	<b>702,712</b>	<b>702,712</b>	<b>375,827</b>	<b>375,827</b>	<b>308,182</b>	<b>308,182</b>	<b>2,437,458</b>
<b>Total assets</b>											<b>177,690</b>
Segment assets include:											
Additions to:											
- Investment properties	-	-	-	-	23,302	23,302	-	-	-	-	23,302
- Property, plant and equipment	262	159	2,122	2,122	-	-	-	-	-	-	2,543

\* Material and non-cash items are disclosed as "Other gains/(losses) and impairment losses – net" (Note 8).

(a) During the year ended 31 December 2023, the Group acquired property, plant and equipment amounting to \$7,456,000 under Corporate assets segment.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 36. SEGMENT INFORMATION (continued)

	Hospitality		Property			Total
	Management services \$'000	Operations \$'000	Property ownership \$'000	Student accommodation \$'000	Development \$'000	
2022						
Total segment revenue	20,752	28,230	43,600	40,773	-	9,841
Inter-segment revenue	(2,228)	-	-	-	-	-
Revenue from external parties	18,524	28,230	43,600	40,773	-	9,841
Operating profit/(loss)	1,215	4,612	(2,143)	20,760	(1,570)	7,424
Share of profit/(loss) of:						
- associated companies	-	3,122	-	-	-	-
- joint ventures	-	13,860	4,374	(255)	2,617	-
Total operating profit	1,215	21,594	2,231	20,505	1,047	7,424
Corporate expenses						
Interest income						(4,969)
Finance expenses						2,560
Others*						(20,895)
Profit before income tax						(7,816)
Income tax expense						22,896
Profit after income tax						(1,420)
						21,476
Segment assets	117,336	416,746	241,390	590,862	177,674	286,694
Investments in associated companies	-	27,233	-	-	-	-
Investments in joint ventures	-	191,005	91,116	2,671	195,676	-
Corporate assets	117,336	634,984	332,506	593,533	373,350	286,694
Total assets						
						1,830,702
						27,233
						480,468
						2,338,403
						196,831
						2,535,234
Segment assets include:						
Additions to:						
- Investments in joint ventures	-	-	-	3,042	-	-
- Investment properties	-	-	9	4,669	-	-
- Property, plant and equipment	457	73	1,011	-	-	-

\* Material and non-cash items are disclosed as "Other gains/(losses) and impairment losses – net" (Note 8).

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 36. SEGMENT INFORMATION (continued)

### Geographical information

The Group's six business segments operate in four main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in this area are principally the hotel operations, property development, property investment and investment holding.
- Australia – the operations in this area are principally the management of hospitality properties, hotel operations and property ownership.
- United Kingdom – the operations in this area are principally student accommodation and property development.
- Other countries – the operations include hotel operations and property ownership in Malaysia and Japan and property ownership in Germany and Denmark.

	Revenue	
	2023 \$'000	2022 \$'000
Singapore	71,954	51,883
Australia	56,060	45,075
United Kingdom	47,532	41,331
Other countries	8,074	2,679
	<b>183,620</b>	140,968

	Non-current assets	
	2023 \$'000	2022 \$'000
Singapore	1,035,186	1,012,022
Australia	348,125	378,696
United Kingdom	644,850	556,388
Other countries	134,026	132,973
	<b>2,162,187</b>	2,080,079

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 37. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the Group's accounting periods beginning on or after 1 January 2024 and which the Group has not early adopted.

*Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current* (effective for annual periods beginning on or after 1 January 2024) *Non-current Liabilities with Covenants* (effective for annual periods beginning on or after 1 January 2024)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability;
- information about the covenants; and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

The Group does not expect any significant impact arising from applying these amendments.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2023

## 38. EVENT OCCURRING AFTER BALANCE SHEET DATE

In March 2024, the Group, through its subsidiary, has entered into a sales and purchase agreement to acquire a plot of land in central Glasgow, Scotland, amounting to £3,000,000 (approximately S\$5,100,000). The land is intended to be developed into a purpose-built student accommodation. Completion of the acquisition is conditional upon no successful judicial review being received on the planning permission.

## 39. LISTING OF SIGNIFICANT COMPANIES IN THE GROUP

Name of companies	Principal activities	Country of business/ incorporation	Group effective ownership interest held	
			2023 %	2022 %
<b>Significant subsidiaries</b>				
Far East Hospitality Holdings Pte. Ltd.	Investment holding	Singapore	70	70
Jelco Properties Pte Ltd	Property development and property investment	Singapore	100	100
Far East Hospitality Properties (Australia) Pte. Ltd.	Ownership of hospitality properties	Australia/ Singapore	70	70
Far East Hospitality Investments (Australia) Pte. Ltd.	Investment holding	Australia/ Singapore	70	70
Far East Orchard Holdings (Jersey) Limited	Investment of properties through its subsidiaries	United Kingdom/ Jersey	100	100
<b>Significant joint ventures</b>				
Toga Hotel Holdings Unit Trust	Ownership and management of hospitality properties	Australia	35	35
Woodlands Square Pte. Ltd.	Property development and property investment	Singapore	33	33
<b>Significant associated company</b>				
FEO Hospitality Asset Management Pte. Ltd.	REIT Manager of Far East Hospitality Trust	Singapore	33	33

## 40. AUTHORISATION OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Far East Orchard Limited on 18 March 2024.

## STATISTICS OF SHAREHOLDINGS

AS AT 11 MARCH 2024

Issued and fully paid-up capital	:	S\$549,380,123.45
Number of shares issued	:	487,757,348
Class of shares	:	Ordinary Shares fully paid
Voting rights	:	One vote per share
Treasury shares	:	Nil

### DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF		NO. OF SHARES	%
	SHAREHOLDERS	%		
1 - 99	340	6.42	10,379	0.00
100 - 1,000	563	10.63	344,346	0.07
1,001 - 10,000	2,912	55.01	14,293,099	2.93
10,001 - 1,000,000	1,457	27.52	63,428,123	13.01
1,000,001 AND ABOVE	22	0.42	409,681,401	83.99
<b>TOTAL</b>	<b>5,294</b>	<b>100.00</b>	<b>487,757,348</b>	<b>100.00</b>

### TWENTY LARGEST SHAREHOLDERS

NO.	NAME	NO. OF SHARES	%
1	FAR EAST ORGANIZATION PTE. LTD.	312,307,870	64.03
2	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	20,961,800	4.30
3	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	13,243,509	2.72
4	CITIBANK NOMINEES SINGAPORE PTE LTD	10,516,249	2.16
5	PHILLIP SECURITIES PTE LTD	9,146,671	1.88
6	DBS NOMINEES (PRIVATE) LIMITED	8,575,076	1.76
7	THE BANK OF EAST ASIA (NOMINEES) PRIVATE LIMITED	5,355,488	1.10
8	SING INVESTMENTS & FINANCE NOMINEES (PTE.) LTD.	3,840,093	0.79
9	MORPH INVESTMENTS LTD	3,006,608	0.62
10	CGS-CIMB SECURITIES (SINGAPORE) PTE. LTD.	2,582,289	0.53
11	OCBC NOMINEES SINGAPORE PRIVATE LIMITED	2,529,517	0.52
12	TAN SU KIOK OR SIA LI WEI JOLIE (SHE LIWEI JOLIE)	2,402,330	0.49
13	MAYBANK SECURITIES PTE. LTD.	2,381,526	0.49
14	KHOO POH KOON	1,846,740	0.38
15	LIM & TAN SECURITIES PTE LTD	1,820,017	0.37
16	UOB KAY HIAN PRIVATE LIMITED	1,720,600	0.35
17	HSBC (SINGAPORE) NOMINEES PTE LTD	1,388,439	0.28
18	RAFFLES NOMINEES (PTE.) LIMITED	1,374,321	0.28
19	OCBC SECURITIES PRIVATE LIMITED	1,250,351	0.26
20	HOE SENG CO PTE LTD	1,209,323	0.25
	<b>TOTAL</b>	<b>407,458,817</b>	<b>83.56</b>

## STATISTICS OF SHAREHOLDINGS

### SUBSTANTIAL SHAREHOLDERS

(as shown in the Register of Substantial Shareholders)

Name of Substantial Shareholder	Direct Interest	%	Deemed Interest	%
	No. of Shares		No. of Shares	
Far East Organization Pte. Ltd.	312,307,870	64.03	-	-
Tan Kim Choo <sup>(1)</sup>	224,659	0.05	312,307,870	64.03
The Estate of Ng Teng Fong, deceased <sup>(2)</sup>	-	-	312,307,870	64.03
Ng Chee Siong <sup>(3)</sup>	-	-	312,307,870	64.03
Ng Chee Tat, Philip <sup>(4)</sup>	-	-	312,307,870	64.03

### Notes:

- (1) Mdm Tan Kim Choo is deemed to be interested in the Shares held by Far East Organization Pte. Ltd. ("**FEOPL**") through her 50% shareholding in the issued share capital of FEOPL.
- (2) The Estate of Ng Teng Fong, deceased ("**Estate**"), is deemed to be interested in the Shares held by FEOPL through the Estate's 50% shareholding in the issued share capital of FEOPL.
- (3) FEOPL has a direct interest in 312,307,870 shares. The Estate has more than 20% interest in FEOPL. Ng Chee Siong is a beneficiary of the Estate and is therefore deemed to be interested in the 312,307,870 shares in which FEOPL has an interest.
- (4) FEOPL has a direct interest in 312,307,870 shares. The Estate has more than 20% interest in FEOPL. Ng Chee Tat, Philip is a beneficiary of the Estate and is therefore deemed to be interested in the 312,307,870 shares in which FEOPL has an interest.

### PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Based on the information provided to the Company as at 11 March 2024, approximately 35.92% of the issued share capital of the Company was held by the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

**FAR EAST ORCHARD LIMITED**

(Incorporated in the Republic of Singapore)

(Registration No: 196700511H)

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the Fifty-Sixth Annual General Meeting ("**AGM**") of Far East Orchard Limited (the "**Company**") will be held at Antica Ballroom, Level 2, Orchard Rendezvous Hotel, Singapore, 1 Tanglin Road, Singapore 247905 on Thursday, 25 April 2024 at 10.00 a.m. to transact the following business:

**AS ORDINARY BUSINESS**

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2023 together with the Directors' Statement and the Report of the Independent Auditor thereon. **(Resolution 1)**
2. To approve a first and final one-tier tax exempt dividend (the "**Dividend**") of S\$0.04 per ordinary share for the financial year ended 31 December 2023. (See Explanatory Note (1)) **(Resolution 2)**
3. To approve the sum of up to S\$520,000 as Directors' Fees for the financial year ending 31 December 2024, to be paid quarterly in arrears. (2023: S\$520,000) (See Explanatory Note (2)) **(Resolution 3)**
4. To re-elect Mr Ramlee Bin Buang, a Director retiring pursuant to Regulation 98 of the Company's Constitution, and who being eligible, has offered himself for re-election. (See Explanatory Note (4)) **(Resolution 4)**
5. To re-elect Mr Chan Hon Chew, a Director retiring pursuant to Regulation 103 of the Company's Constitution, and who being eligible, has offered himself for re-election. (See Explanatory Note (5)) **(Resolution 5)**
6. To note the retirement of Mr Samuel Gene Rhee, a Director retiring pursuant to Regulation 98 of the Company's Constitution, who has decided not to seek re-election. (See Explanatory Note (6))
7. To re-appoint PricewaterhouseCoopers LLP as the Company's Independent Auditor and to authorise the Directors to fix their remuneration. **(Resolution 6)**

**AS SPECIAL BUSINESS**

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

8. Authority to allot and issue shares

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

- (a) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible or exchangeable into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

## NOTICE OF ANNUAL GENERAL MEETING

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instruments made or granted by the Directors while this Resolution was in force,

provided that:

- (1) the aggregate number of Shares to be allotted and issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 50% of the total number of issued Shares (excluding any treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this Resolution is passed, after adjusting for:
  - (i) new Shares arising from the conversion or exercise of any convertible securities or exercise of share options or vesting of share awards, which were issued and outstanding or subsisting at the time this Resolution is passed; and
  - (ii) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Act and the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (4) the authority conferred by this Resolution shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier." (See Explanatory Note (7))

**(Resolution 7)**

## NOTICE OF ANNUAL GENERAL MEETING

9. Proposed renewal of the Shareholders' Mandate for Interested Person Transactions

"That:

- (a) approval be and is hereby given, for the purposes of Chapter 9 of the Listing Manual of the SGX-ST, for the Company, its subsidiaries and associated companies which are entities at risk as defined under Chapter 9 of the Listing Manual of the SGX-ST, or any of them, to enter into any of the transactions falling within the types of Interested Person Transactions, particulars of which are set out in the Letter to Shareholders, with any person who is of the class of Interested Persons described in the Letter to Shareholders, provided that such transactions are made on normal commercial terms, are not prejudicial to the interests of the Company and its minority shareholders and are in accordance with the review procedures for Interested Person Transactions as set out in the Letter to Shareholders;
- (b) the approval given in sub-paragraph (a) above (the "**Mandate**") shall, unless revoked or varied by the Company in general meeting, continue in force until the next AGM of the Company or the date by which the next AGM of the Company is required by law to be held, whichever is the earlier; and
- (c) the Directors be and are hereby authorised, jointly or severally, to take such steps and exercise such discretion as the Directors may in their absolute discretion deem fit, advisable or necessary or in the interest of the Company to give effect to the Mandate and/or this Resolution." (See Explanatory Note (8))

**(Resolution 8)**

**BY ORDER OF THE BOARD**

PHUA SIYU, AUDREY  
**Company Secretary**

Singapore,  
9 April 2024

# NOTICE OF ANNUAL GENERAL MEETING

## NOTES:

- (i) A member of the Company entitled to attend and vote at the AGM and who is not a relevant intermediary, is entitled to appoint not more than two proxies to attend and vote in his/her stead at the AGM. A member of the Company who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member (and the number and class of Shares must be specified).

“relevant intermediary” has the meaning ascribed to it in Section 181(6) of the Act.

- (ii) The instrument appointing a proxy or proxies must be under the hand of the appointer or his attorney duly authorised in writing. If the member is a corporation, the instrument appointing the proxy must be executed in a manner as may be permitted by the Act.
- (iii) A proxy need not be a member of the Company.
- (iv) The instrument appointing a proxy or proxies must be submitted to the Company in the following manner:
- (a) if submitted by post, be lodged at the office of the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
- (b) if submitted electronically, be submitted via email to the Company’s Share Registrar at [FEOR@boardroomlimited.com](mailto:FEOR@boardroomlimited.com),

in either case **not less than 72 hours** before the time appointed for holding the AGM. In case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have Shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

- (v) Members may submit questions related to the resolutions to be tabled for approval at the AGM by 10.00 a.m. on 16 April 2024:
- (a) by email to [FEOR@boardroomlimited.com](mailto:FEOR@boardroomlimited.com); or
- (b) by post to the Company’s Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632.

When submitting their questions, members are to provide their full names, last 3 digits and checksum of NRIC/ passport number. The Company will publish its answers to all substantial and relevant questions at its website <https://www.fareastorchard.com.sg/agm.html> and at SGXNet at <https://www.sgx.com/securities/company-announcements> by 18 April 2024. Questions received after 16 April 2024 will be answered at the AGM.

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes:

- (1) If Ordinary Resolution 2 is approved, the Dividend will be paid on or about 5 July 2024.
- (2) Ordinary Resolution 3 is to approve the payment of, consistent with prior years, an aggregate sum of up to S\$520,000 as Directors' fees to the Company's Non-Executive Directors for the current financial year ending 31 December 2024 ("FY2024"). If approved, the Directors' fees for FY2024 will be paid quarterly in arrears. Further details regarding the Directors' Fees can be found under the section titled "**Remuneration of NEDs**" in the Company's Annual Report 2023.
- (3) For Ordinary Resolutions 4 and 5, detailed information on the Directors who are proposed to be re-elected can be found under the sections titled "**Board of Directors and Management**" and "**Additional Information on Directors Seeking Re-Election**" in the Company's Annual Report 2023.
- (4) Ordinary Resolution 4 is to re-elect Mr Ramlee Bin Buang (who was appointed on 25 April 2017) pursuant to Regulation 98 of the Company's Constitution and if he is re-elected, he will remain as the Lead Independent Director, Chair of the Audit & Risk Committee, and a member of the Nominating Committee. Mr Ramlee is considered a Non-Executive and Independent Director ("**ID**") for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
- (5) Ordinary Resolution 5 is to re-elect Mr Chan Hon Chew (who was appointed on 6 March 2024) pursuant to Regulation 103 of the Company's Constitution and if he is re-elected, he will be appointed as a member of the Audit & Risk Committee at the conclusion of the 56<sup>th</sup> AGM. Mr Chan is considered an ID for the purposes of Rule 704(8) of the Listing Manual of the SGX-ST.
- (6) Mr Samuel Gene Rhee will retire as a Director of the Company at the conclusion of the 56<sup>th</sup> AGM. Consequent thereto, Mr Rhee will also cease to act as Chair of Nominating Committee and as a Member of the Remuneration Committee at the conclusion of the 56<sup>th</sup> AGM.
- (7) Ordinary Resolution 7, if passed, will empower the Directors, from the date of the passing of this Resolution until the next AGM, to allot and issue Shares and to make or grant Instruments convertible into Shares and to issue Shares in pursuance of such Instruments, for such purposes as they consider would be in the interest of the Company, provided that the aggregate number of Shares which may be issued (including Shares to be issued pursuant to convertibles) under this Resolution shall not exceed 50% of the issued Shares (excluding treasury shares and subsidiary holdings, if any), of which not more than 20% may be issued other than on a pro-rata basis. The total number of Shares which may be issued will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) at the time this Resolution is passed after adjusting for (a) new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time this Resolution is passed, and (b) any subsequent bonus issue, consolidation or subdivision of Shares. This authority will, unless previously revoked or varied at a general meeting, expire at the conclusion of the next AGM of the Company.
- (8) Ordinary Resolution 8, if passed, will renew the Mandate and empower the Company, its subsidiaries and associated companies, to enter into the Interested Person Transactions as described in the Letter to Shareholders. The authority under the renewed Mandate will, unless revoked or varied by the Company in general meeting, expire at the conclusion of the next AGM of the Company, or the date by which the next AGM is required by law to be held, whichever is the earlier.

# NOTICE OF ANNUAL GENERAL MEETING

## **PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, and by submitting any questions related to the resolutions to be tabled for approval at 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM and the member's participation in the AGM (including any adjournment thereof) and of the questions submitted and the preparation and compilation of the attendance lists, minutes (which will be recorded and posted on the Company's website) and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service provider), 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 or service providers) 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 result of the member's breach of the warranty in (ii).

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

Name of Director	Ramlee Bin Buang	Chan Hon Chew
<b>Date of First Appointment</b>	25 April 2017	6 March 2024
<b>Date of Last Re-Appointment</b>	26 April 2021	N.A.
<b>Age</b>	67	58
<b>Country of principal residence</b>	Singapore	Singapore
<b>The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)</b>	The Board considered Mr Ramlee's performance, contribution, experience, and competencies and recommended his re-election.	The Board believes Mr Chan's qualifications and experience will bring value to the Company.
<b>Whether appointment is executive, and if so, the area of responsibility</b>	Independent and Non-Executive	Independent and Non-Executive
<b>Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)</b>	Non-Executive Lead Independent Director, ARC Chair and NC Member	Independent and Non-Executive Director
<b>Working experience and occupation(s) during the past 10 years</b>	<ul style="list-style-type: none"> <li>• 2014 to present – Founder &amp; Owner, Uyko Advisory</li> <li>• Until 2014 – Group Financial Controller, Senior VP &amp; CFO, Company Secretary, Executive VP &amp; Group CFO, Board Member, Cerebos Pacific Limited</li> </ul>	<ul style="list-style-type: none"> <li>• February 2014 to December 2023 – Chief Financial Officer, Keppel Ltd (formerly known as Keppel Corporation Limited)</li> <li>• October 2003 to January 2014 – Senior Vice President, Finance, Singapore Airlines Limited</li> </ul>
<b>Shareholding interest in the listed issuer and its subsidiaries</b>	No	No
<b>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</b>	Nil	Nil
<b>Conflict of interest (including any competing business)</b>	Nil	Nil
<b>Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer</b>	Yes	Yes
<b>Other Principal Commitments Including Directorships</b>		
<b>Past (for last 5 years)</b>	<ul style="list-style-type: none"> <li>• Singapore Institute of Directors (Director, Council Member and Treasurer)</li> <li>• National Healthcare Group Pte Ltd (Director and Chair of Finance &amp; Audit Committee, Board Risk Committee and Member of Woodlands Health Campus Development Committee)</li> <li>• ALPS Pte Ltd (Director, Chair of Procurement Sub Committee and Member of Finance Sub-Committee)</li> <li>• Singapore Accountancy Commission (Member of the Council and Audit Committee)</li> <li>• Breast Cancer Foundation (Member of Executive Council, Board and Treasurer)</li> </ul>	<ul style="list-style-type: none"> <li>• Keppel Land Limited (Director)</li> <li>• Keppel Offshore &amp; Marine Ltd (Director)</li> <li>• Keppel Infrastructure Holdings Pte Ltd (Director)</li> <li>• Keppel Telecommunications &amp; Transportation Ltd (Director)</li> <li>• Keppel Capital Holdings Pte Ltd (Director)</li> <li>• M1 Limited (Director)</li> <li>• Institute of System Science National University of Singapore (Management Board)</li> <li>• Accounting Standards Council (Board Member)</li> </ul>

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

Name of Director	Ramlee Bin Buang	Chan Hon Chew
<b>Present</b>	<ul style="list-style-type: none"> <li>• Halogen Foundation (Singapore) (Director and Chair of Audit &amp; Risk Management Committee)</li> <li>• Ukyo Advisory (Founder/ Owner)</li> <li>• MOH Holdings (Chair of MOHH-Public Healthcare Institutions Finance Shared Services Steering Committee)</li> <li>• 1FSS Pte. Ltd. (Chairman, Director and member of Human Resource Committee)</li> <li>• Singapore University of Technology and Design (Member of Board of Trustee and Chair of the ARC)</li> <li>• Public Service Commission (Member of Council)</li> <li>• The Accounting and Corporate Regulatory Authority (Board Member and Member of Audit &amp; Risk Management Committee)</li> </ul>	<ul style="list-style-type: none"> <li>• Member of Accounting Advisory Board of National University of Singapore Business School</li> </ul>
<b>(a) Whether at any time during the last 10 years, an application or a 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 at any time within 2 years from the date he ceased to be a partner?</b>	No	No
<b>(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, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?</b>	No	No
<b>(c) Whether there is any unsatisfied judgment against him?</b>	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

Name of Director	Ramlee Bin Buang	Chan Hon Chew
<b>(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings which he is aware of) for such purpose?</b>	No	No
<b>(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 which he is aware of) for such breach?</b>	No	No
<b>(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings 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 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 or dishonesty on his part?</b>	No	No
<b>(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?</b>	No	No
<b>(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?</b>	No	No

## ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

Name of Director	Ramlee Bin Buang	Chan Hon Chew
(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
<b>(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :-</b>		
(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
(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
(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	No	No
(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?	No	No
(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

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**FAR EAST ORCHARD LIMITED**

(Incorporated in the Republic of Singapore)  
(Registration No.: 196700511H) (the "Company")

**PROXY FORM  
ANNUAL GENERAL MEETING**

**Important**

- 1. For investors who have used their CPF monies to buy ordinary shares in the capital of Far East Orchard Limited ("Shares"), this Report is forwarded to them at the request of the CPF Agent Banks and is sent solely **FOR INFORMATION ONLY**.
- 2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
- 3. CPF/SRS investors should contact their respective Agent Banks if they have any queries regarding their appointment as proxies.

**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 AGM dated 9 April 2024.

I/We \_\_\_\_\_ (Name) \_\_\_\_\_ (NRIC/Passport/Company's Registration No.)

of \_\_\_\_\_ (Address)

being a member/members of the Company hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares (Ordinary Shares)	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares (Ordinary Shares)	%
Address			

or failing whom, the Chair of the Meeting as my/our proxy/proxies to attend, speak and vote for me/us/ on my/our behalf at the Fifty-Sixth Annual General Meeting ("AGM") of the Company to be held on Thursday, 25 April 2024 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	Resolutions relating to	For*	Against*	Abstain*
<b>ORDINARY BUSINESS</b>				
1.	Adoption of Audited Financial Statements together with the Directors' Statement and the Report of the Independent Auditor for the financial year ended 31 December 2023			
2.	Approval of a first and final one-tier tax-exempt dividend			
3.	Approval of Directors' fees for the sum of up to S\$520,000 for the financial year ending 31 December 2024 (2023: S\$520,000)			
4.	Re-election of Mr Ramlee Bin Buang as a Director			
5.	Re-election of Mr Chan Hon Chew as a Director			
6.	Re-appointment of PricewaterhouseCoopers LLP as Independent Auditor			
<b>SPECIAL BUSINESS</b>				
7.	Authority to allot and issue shares			
8.	Proposed renewal of the shareholders' mandate for Interested Person Transactions			

\* Voting will be conducted by poll. Please indicate your vote "For", "Against" or "Abstain" in respect of all your shares for each resolution with a tick (✓) within the box provided. Alternatively, you may indicate the number of shares that you wish to vote "For" or "Against" and/or "Abstain" for each resolution in the relevant box.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

\_\_\_\_\_  
Signature(s) of Member(s)/Common Seal

**IMPORTANT: PLEASE READ NOTES OVERLEAF**

<b>TOTAL NUMBER OF SHARES HELD</b>

Postage will  
be paid by  
addressee.  
For posting in  
Singapore only.

**BUSINESS REPLY SERVICE  
PERMIT No. 08812**



Company Secretary  
**FAR EAST ORCHARD LIMITED**  
c/o The Share Registrar  
Boardroom Corporate & Advisory Services Pte. Ltd.  
1 Harbourfront Avenue  
#14-07 Keppel Bay Tower  
Singapore 098632

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**Notes:**

1. (a) A member of the Company entitled to attend and vote at a meeting of the Company, and who is not a Relevant Intermediary, is entitled to appoint not more than two proxies to attend and vote in his/her stead at the AGM. Where a member appoints two proxies, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form. If no proportion is specified, the Company shall be entitled to treat the first named proxy as representing the entire shareholding and any second named proxy as an alternate to the first named or at the Company's option to treat this proxy form as invalid.
- (b) A member of the Company who is a Relevant Intermediary is entitled to appoint more than two 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's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing a proxy or proxies. In relation to a Relevant Intermediary who wishes to appoint more than two proxies, it should annex to the instrument appointing a proxy or proxies the list of proxies, setting out, in respect of each proxy, the name, address, NRIC/Passport Number and proportion of shareholding (number of shares and percentage) in relation to which the proxy has been appointed. For the avoidance of doubt, a CPF Agent Bank who intends to appoint CPF investors as its proxies shall comply with this Note.
- (c) "Relevant Intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore (the "**Companies Act**").
2. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.
3. A proxy need not be a member of the Company.
4. This proxy form must be submitted to the Company in the following manner:
  - (a) if submitted by post, be lodged at the office of the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., at 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632; or
  - (b) if submitted electronically, be submitted via email to the Company's Share Registrar at [FEOR@boardroomlimited.com](mailto:FEOR@boardroomlimited.com).in either case not less than 72 hours before the time appointed for holding the AGM.
5. 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 in a manner as may be permitted by the Companies Act.
6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged or emailed with the instrument of proxy or proxies, failing which the instrument may be treated as invalid.
7. A corporation who is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act.
8. The Company shall be entitled to reject an 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 appointor specified in the proxy form (including any related attachment). In addition, in the case of members whose shares are entered against their names in the Depository Register, the Company may reject any proxy form lodged or submitted if such members are not shown to have shares entered against their names in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.



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6 Eu Tong Sen Street  
#04-28 The Central  
Singapore 059817

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[www.fareastorchard.com.sg](http://www.fareastorchard.com.sg)

